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27 March 1986

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REGIONAL AFFAIRS

BOOK ON 'CORRUPTION' IN ARAB BUSINESS DEALING REVIEWED

London MEED in English 11 Jan 86 p 34

[Article by Stephen Timewell]

[Text] Andre Deutsch, 105 Great Russell Street, London WC1, UK. 1985. 150 pages. £8.95

This book is not a pretty one--it deals with bribery and corruption, and what is Palestinian author, Said Aburish, describes as: "The degeneracy of the social system in the Middle East."

It is a subject on which Aburish is well-qualified to write. He was previously one of that successful breed of international businessman known as an intermediary or "fixer"--a man who, in Aburish's own words, will interpret, for a fee, "the unfamiliar world of the 20th century" to a prince, shaikh or minister.

Pay-off provides a graphic insight into the role of the fixer, and the way contracts are won and lost. Largely anecdotal, it relates many of Aburish's own experiences, and lists the unwritten laws for those contemplating doing business in the region. It shows how dubious the fixer's role is: "His alliance with any company is likely to be an unholy one," writes Aburish, "(and he has) an uneasy standing vis-a-vis the law." Nevertheless, the basic unwillingness of those in the region to submit to public scrutiny means such intermediaries "are alive and well."

One of Aburish's anecdotes, which add much-needed colour to the Middle East business scene, concerns the award of a \$2,500 million Iraqi Railway construction contract in the late 1970's.

The account reads like a spy thriller. According to Aburish, the leading contender for the work was a UK company; to ensure the award, it agreed to pay a 4 percent commission--or \$100 million--to the powerful then planning minister, Adnan Hamdani, and 1/2 percent to Aburish's firm.

Unfortunately, the president's son-in-law--a colonel in the Iraqi army--then decided he wanted 80 percent of the commissions, or \$80 million-plus, for himself. Ignoring all objections, the colonel--described as a "roving skimmer"--ensured he got what he wanted. According to Aburish, he murdered one of the UK firm's subcontractors; then, just before contract award, the

UK firm's chief engineer in Baghdad was arrested for spying. He spent four years in jail, before being released following the intercession of Jordan's King Hussain.

In the end, the colonel's muscle won; the UK firm lost the contract the moment the engineer was arrested. Says Aburish: "Perhaps it goes to prove the old adage--the bigger it is, the more dangerous it is."

The book also names names that prominent Saudis would prefer not to see in print. But despite its tantalising glimpses of a hitherto secret world, it falls far short of being a comprehensive exposure; there are clearly some things that Aburish--and his publisher--want to keep to themselves.

/9274

CSO: 4400/126

ALGERIA

CONTENT OF CHADLI-AL-QADHDHAFI MEETING DISCUSSED

Reasons Behind Talks

Algiers REVOLUTION AFRICAINE in French 1 Feb 86 pp 13-14

[Article by Mohamed Saidani: "A New Impetus"]

[Text] Nine major topics comprised the main considerations of the two private talks between President Chadli Bendjedid and Colonel Mu'ammarr al-Qadhdhafi and the larger meeting that included the two Algerian and Libyan delegations, held in In-Amenas on Tuesday. Why were these meetings held? There were several reasons, mainly the turbulent situation of the Arab world in general and of the Maghreb in particular. As was the case in the past in such circumstances, a meeting at the highest level was necessary. The Arab nation, which has gone through some occasionally violent splits, is facing, now more than ever, numerous challenges, real threats, and a large-scale operation aimed at undermining unity that often has not withstood the battering of fiercely determined enemies. These enemies have, in fact, fanned the flames of internal quarrels and stepped up efforts to divide Arab ranks. The new impetus that will be given to Algerian-Libyan bilateral relations, on one hand, and the alignment of positions on current major problems between the two brother countries, on the other, plainly constitute a response to these sordid maneuvers. Thus it may be noted that every serious issue and other mutual concerns were broached and discussed at length during the In-Amenas meetings.

At a time when the Zionist regime, whose arrogance is reinforced by the direct support of U.S. imperialism, is banging on the Maghreb's very door (the raid on Hamam Plage in Tunisia, for example) and at a time when the United States has decided to take an active part, regardless of the pretext given, in the vast operation of intimidation and aggression against the Arab nation, duty dictates active solidarity, the closing and strengthening of ranks, and the coordination of actions that are part of a strategy of retaliation. Our brother Libyan people are not alone and will not be left alone to face the military threat and economic blockage ordered by the U.S. President. Algeria has just reaffirmed its effective support through the voice of its own president. Who, from Agadir in Morocco to the borders of distant Syria, is not concerned about the concentration of U.S. air and naval forces north of the 32d parallel, just a few kilometers from Libyan territorial waters? But unfortunately, this deep sentiment of Arab unity, nurtured by the mass of the people, is sometimes not

shared by certain governments, which, while proclaiming their Arabness and their (formal) commitment to the sacred cause, limit themselves to spectator status. And moreover, some offer military bases and other facilities to an avowed enemy.

Logic or plain common sense suggests that the fate of Arab peoples is linked, since a misfortune affecting one people ultimately has effects on the others. And it is with good reason that the struggle against the Zionist regime and its allies has been called the "battle of destiny." Although the choice of political system adopted by each Arab country should be respected, this should not, however, result in silence concerning compromises or certain unacknowledged complicity with known outright enemies. In addition to such perversions, certain inter-Arab conflicts tend to destroy any inclination for real mobilization. Among such evils, we could mention the war of aggression that has been waged for 10 years by the Rabat government against a neighboring brother people, the Saharan people. The solution to this problem, which still represents a stumbling block to the great and noble work of building the Greater Maghreb, is no longer being sought, however. But it is clearly and correctly stipulated in OAU Resolution 104, which has been ratified by the Nonaligned Movement and by the UN General Assembly. It merely remains to be implemented. Thus this obstacle to achieving the Maghrebian ideal must still be eliminated. Finally, it remains for the Moroccan Government to demonstrate total willingness in this regard. Construction of the Greater Maghreb, which is an integral part of the Arab nation, could provide an appropriate framework for initiating a process for political resolution of a conflict which is and remains fratricidal.

In view of the challenges of Zionism and imperialist-Zionist collusion, both reason and feeling call for a tightening of Arab ranks. Who profits from such inter-Arab conflicts or certain internal crises such as the one that recently occurred in Southern Yemen? Certainly not the peoples involved, but those who act directly or indirectly against the Arab nation. It is precisely as a result of this turbulent context, this climate characterized by political erosion affecting a number of Arab governments, and an economic situation aggravated by the scattering of our nation's potentialities, that the United States and its Israeli protege have launched their great military, political and diplomatic undertaking.

While President Reagan was calling on his European allies to join in his decision to boycott Libya and was simultaneously ordering an economic and military blockage of the Jamahiriyah, Israeli Prime Minister Peres was in turn engaged in intense diplomatic activity to recover part of the territory lost by Zionism. It follows from all these facts that the head of the White House has not abandoned his plan for a "pax americana" and that Peres, like his predecessors, [wants to achieve] an Israeli "fait accompli." Mr Reagan is not unaware that the Palestinian problem is at the heart of the Middle East conflict. He nevertheless persists in following the strategy deriving from the "Camp David Accords," stubbornly denying the legitimate national rights of the Palestinian people. As in the previously mentioned matters, the Chadli-al-Qadhdhafi talks have produced a complete agreement of views on this issue; the two chiefs of state reiterated the need for an international conference on the Middle East with the participation of the PLO, the only authentic and legitimate representative

of the Palestinian people. In this particularly serious stage of a multidimensional conspiracy, the unity of Palestinian ranks and, consequently, the strengthening of PLO unity are imperative.

The actions of U.S. imperialism and of the West in general are not only military, political and diplomatic in nature, but also economic. The induced lowering of the prices of raw materials, which has been decried by a number of producing countries and which will increase the foreign debt, whose effects are now disastrous, of a Third World already severely affected by the world economic crisis, has carried along petroleum in its wake, reducing it to an intolerable level. In this instance as well, Algeria and Libya urge, in accordance with the terms of the OPEC agreements, exporting countries to coordinate their positions and to unite in collective action to defend vital interests.

Against the conspiracy hatched by Washington and its Israeli disciple, intimidating maneuvers, the military threat, divisive efforts and vague moves toward economic domination, the two sister Algerian and Libyan Revolutions are united and determined to meet all these challenges. Most important of all, the In-Amenas meeting has provided a scathing response to detractors of the Arab nation, to those who were "sowing" discord. This was the result of militant minds, reason and wisdom combined.

Necessity of Talks

Algiers REVOLUTION AFRICAINE in French 1 Feb 86 p 12

[Editorial: "A Useful Meeting"]

[Text] The Chadli Bendjedid-Mu'ammarr al-Qadhdhafi meeting at In-Amenas was necessary. The deterioration of the situation in the Maghreb, in the Arab world and in Africa, of which we know the objective causes and negative repercussions on the solidarity of the struggle of Arab-African peoples against imperialist-Zionist maneuverings and their mutual determination to defend their legitimate rights to political independence and economic liberation, made this meeting absolutely necessary for the two chiefs of state.

Especially since the Revolutions of 1 November and 1 September, which are guided by the same ideological and political principles, espouse the same ideals, the same causes and the same goals.

Especially since both revolutions, the first ones targeted by the present offensive of Zionist-imperialists in the Mediterranean Basin, find themselves obliged to overcome the subjectiveness of the past in order to better adapt their strategy, to coordinate their actions and to meet calmly and resolutely the new challenges facing them as a result.

However, by no means can this joint strategy and policy be dictated by circumstantial considerations, which are always uncertain. They must be based on solid foundations, intangible principles, and conduct and action rejecting any form of improvisation, opportunism or political demagoguery.

First, they require a consolidation of bilateral relations to strengthen internal fronts and thus to develop the two revolutions' capabilities for action and combat, as much as to deal with the common enemy as to influence positively the course of regional and international events. And in that regard, candor of language, clarity of vision and realism of approach will primarily determine the nature and content of relations before the goals sought are even defined.

Viewed from this perspective, the Chadli Bendjedid-Mu'ammarr al-Qadhafi meeting was useful or, better stated, positive--because the two chiefs of state gave "special attention to the conditions for joining together to give relations between the two brother countries a new impetus corresponding to the deep desires of the Algerian and Libyan peoples and, through them, to those of Maghrebian peoples and all peoples of the Arab homeland."

In this context, we see in this new perception of the Libyan struggle, of resolution of the conflict between the Kingdom of Morocco and the POLISARIO Front, of the conflict in Chad, of the Palestinian question, of the oil question and the U.S. threat, a reason for believing once again in the virtue of dialogue and discussion between the leaders of two revolutions whose historic mission remains the construction of the Greater Maghreb as an integral part of Arab unity, the consolidation and strengthening of African unity and the Nonaligned Movement, the development of Arab-African and South-South cooperation, and the establishment of a new world order.

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CSO: 4519/69

EGYPT

MUBARAK ISSUES DIRECTIVES TO LIMIT IMPORTS, DISTRIBUTE FOOD

NC090713 Cairo Domestic Service in Arabic 1830 GMT 8 Mar 86

[Text] During his tour of the 19th Cairo International Fair today, President Muhammad Husni Mubarak issued a number of directives. Foremost among these is that the Ministry of Agriculture's meat and poultry should be made available to the public through a number of distribution centers. The food should be in small packages to meet the demands of the individuals and poor classes.

Another directive is a ban on the import of nuts and dried fruits, and the avoidance of overconsumption during the month of Ramadan. The president also issued a directive stressing the need to develop the production of ready-made clothes by family businesses. He stressed that the public and private sectors are the same since they both work for Egypt.

President Mubarak also banned the import of any products that are available in Egypt.

Following his excellency's visit to the national pavilions, he inspected the U.S., Japanese, French, Italian, West German pavilions. At the end of his 5-hour tour of the fair, President Mubarak said that he had sensed great development and progress in national production. He also saw very good taste in this production. He noted that the competition among the exhibitors to raise the quality of Egyptian products will undoubtedly increase exports.

The president added that he had instructed the concerned ministers to work to solve all the exports problems. Concluding his statement, the president praised efforts to develop Egyptian industry. He said that these are satisfying and herald a bright future for Egyptian industry.

/6662

CSO: 4500/95

EGYPT

COLUMNIST CRITICIZES GOVERNMENT DECISIONMAKING

PM201139 Cairo AKHBAR AL-YAWM in Arabic 15 Feb 86 pp 1, 5

[Muhammad Hasanayn Haykal "Frankly Speaking" column: "Political Decisionmaking in Egypt"]

[Text] "To write or not to write" was the question I faced in the last few weeks.

This was immediately followed by a second question: "From where will you start if you write?"

I was not sure about the answer to the first question but I had no doubts about the answer to the second one. My choice of subject to begin with was clear and almost defined in my mind: "The Political Decisionmaking Process in Egypt."

The subject has preoccupied me for a long time and in the circumstances we have been through it seemed to me that discussing it has become a necessity and the highest priority. Moreover, I thought that the coincidence of timing in itself favors discussing the subject because the "to write or not to write" dilemma began on the bridge of time linking 1985 and 1986. Usually on the bridge of time people pause, reminisce, ponder, and study. If they can go beyond merely reviewing past experiences to deriving facts, and if they can derive from the meaning of facts laws governing them, then their pause on the bridge will be more meaningful than a moment of agony or of nostalgia.

But the coincidence of timing in tackling the subject was missed. The hesitation over whether "to write or not to write" went on for 6 weeks, from early January to mid-February. I had doubts and I was inclined to leave the subject to another opportunity. In fact I thought of other subjects and scanned the horizon for one, but I found myself going back to it.

I discovered that not only was the time right to discuss this subject, but events as well dictated this. The most significant of these events are the current signs of friction between the various political forces in Egypt, friction which, as a result of opposite and conflicting stands, could lead to a clash which both my heart and mind tell me is uncalled for, unnecessary, and in nobody's interest.

Moreover, the reality of the Egyptian situation cannot tolerate setting fire to the wood. Also, the situation in the whole area is almost collapsing under the weight of pressures and the last thing it needs now is for a clash to occur in Egypt that would add to its pressures. Finally, the outside world is preoccupied with other things and has no time to care or find out about our conditions.

These may be just indications and references to the present situation, but this should be enough for the time being. We might go back to them in detail later.

Thus, I have decided to begin with the topic "Decisionmaking in Egypt." Although I have missed the opportunity of timing, the risk of a clash between the various political forces in Egypt would make it the center of attention regardless of the timing.

It might be useful here to define certain points so that the framework of discussion will be clear:

First, it is reasonable to agree from the beginning that every decision is a policy and every policy is a decision.

On the one hand a decision on national security matters is a policy; on economic matters it is a policy, and on cultural matters it is also a policy. Even if someone thought purely [words indistinct] that policy should keep away from certain things such as culture for example, it would probably be appropriate to recall that such thoughts are impossible; one of the first impossible things is in the matter of culture. In any case, noninterference in itself, supposing it were possible, is a policy in itself--a decision not to intervene.

On the other hand--that is the fact that every policy is a decision--the matter is clear. Policy is not a neverending debate, but rather at a certain stage a decision is made at the power level concerned.

Perhaps we should add that the political nature of every decision is not derived only from its contents or objectives but goes beyond that to its style, including its drafting, publication, and putting it before the public.

If the contents of the decision are what affect the behavior and action of the public, then the style of the decision affects its feelings and conscience. The decision conveys to the people its originator's views on the issues and problems he is tackling. The style conveys to them his views and his opinion on them and how he treats them as people and human beings.

Second, it is fair to recognize that the process of political decisionmaking in Egypt is difficult and complex, especially in our current circumstances. On the various levels of political decisionmaking--which are many--the decisionmaker himself finds facing legacies, changes, and complicated conditions most of which are beyond his will or his ability. I know for certain that

some of the decisionmakers sometimes find themselves facing a dead end from which they try to find a way out but cannot. Sometimes they become so frustrated that they become annoyed with everybody including themselves.

I am saying this out of fairness and justice for the dilemma of the political decisionmaker in Egypt, but I must add in all fairness that those entrusted with responsibilities have no other alternative but to uphold that trust; there is no other way.

However, those entrusted with responsibilities are continuing to tackle them and have not yet despaired or lost patience. This is something good.

Third, there is another vital and sensitive issue: As with all Third World countries, development in Egypt has not yet reached the point where class and social growth has been completed, thus paving the way for the emergence of political and constitutional institutions capable of establishing real democracy. The establishment of real democracy means that the political decisionmaking process can be carried out with the same immunities and guarantees this process is carried out in the world's developed countries, where class and social growth have been completed and therefore the role of institutions in them has become established.

The most that conditions at this stage of development in most Third World countries allow is the emergence of political groups that in one way or another lead national action in order to achieve some kind of independence, certain forms of state, some development features, and certain aspects of democracy.

This too is something good; all these are steps forward that sometimes falter and other times progress.

Fourth, some of these political groups assume power usually through the attraction to and influence of the call for independence, social justice, or democracy, while on some other groups falls the burden of giving different interpretations of the same issues or to matters on the fringes of those issues.

Certainly in both cases these political groups represent certain interests, but it is difficult for anybody to be certain or to talk about a ruling majority and an opposing minority since the ground itself is not defined and its landmarks are not clear.

For example, in Egypt's case nobody can definitely be certain about the proportion of the ruling NDP representation, who its members are or who its supporters are. The same thing can be said about the new Al-Wafd Party, the Labor Party, the NPUG, the Liberal Party, or any other apparent organization.

Who exactly are they? How big are they? Whom do they represent? What are their long-term and broader outlooks?

I do not think that anyone knows for certain.

What is certain, as the law professors say, is that they are divided into two categories: political groups in power and political groups out of power. No doubt they represent certain sectors of national interests but they do not represent all the interests or all the nation. Most probably none of them, on either side, represents a true or definite majority. The leadership, however, was entrusted to them on the grounds that they represent the aspirations of this majority and show a readiness to carry out those aspirations.

(What is statistically interesting is that those officially recorded on paper as belonging to Egyptian parties number no more than 1 million people while statistics show that eligible Egyptian voters number more than 21 million people. In other words, of those qualified to take an interest, only four percent are interested in taking direct action in Egypt).

So, I will risk saying that the vast majority in Egypt are silent--although not fixed in their places like Polaris! In other words, this majority moves toward either side guided by senses and feelings. Therefore, the present political action is a trilateral movement; a group in power, a group outside it, and give-and-take between the two sides. Both sides are active minorities that move within the hearing and sight of the effective silent majority. Sometimes the majority become bored with what they hear and see and so they turn their backs and pay attention to their daily worries. But when the majority become interested and follow up things, they are guided by their senses and feelings toward this or that group, depending on the attitude of either side toward specific problems and issues. Thus we perceive here the phenomenon of what we may call "public opinion" which is a vast sea whose waves move in this direction or that direction, whose surface may be calm sometimes and turbulent other times; but its depth is unfathomable, its shores still unexplored, and both its depth and shores have not yet been charted.

This in my view is a reasonable description of political movement in Egypt. Minority groups leading political action inside or outside power and a silent but active majority that follow up what is going on and sympathize sometimes with those in power and other times with those outside it. The value of this group or that group depends on the proportion of the silent majority it can win to its side or leaves to be drawn to the other side.

The value of these groups also depends on the amount of wind which either side can generate on the surface of this vast sea which appears to be calm. This is all that appears to me at this stage.

This too in itself is something good because it reflects a certain amount of multiplicity and variety and courting the majority and trying to win it and influence it.

Fifth, as a result of this the roles between the two sides--as far as today's subject is concerned--are naturally divided.

One party has in its hands the power to act regardless of capability and effectiveness. In other words, the group in power that makes the political decision and an opposition group that discusses it or opposes it or even exploits the gaps and mistakes in order to win the silent majority to its side.

It would be beyond reason to ask the opposition--in light of what we have just discussed--to offer alternatives to the decisions made. The reasons for this are many.

All in all the situation as it stands now is the work of the group in power that makes the decision and which logically should be responsible for managing it.

Also the nature of power--as it is in the whole Third World--puts all the facts on the basis of which the decision is made in the hands of the people in power alone. The rest can do no more than guess or catch bits of the truth as they float in the air.

A decision cannot be based on guessing or on catching bits of the truth from the air (unless we get confused with the alternatives and the theoretical interpretation and visualization of what should there be regardless of what there exists!)

What I mean is that decisionmaking is in the hands of the authority and anything else is difficult to accept.

This in itself is good because it is in the nature of things in the circumstances we are facing, provided that impatience is shown toward discussion, opposition, or even the exploitation of gaps and mistakes.

Sixth, I would dare say that on the basis of what I see I find no great or menacing danger to Egypt internally unless its problems become complicated, the problems that are supposed to be dealt with through the decisionmaking process. There may be those who have evil designs or indulge in conspiracy. But such a thing, even if it exists, should not be dealt with by generalization but rather specifically in order that truths and facts are revealed and documented for all to see and so that all concerned will base their judgment in accordance with laws.

Moreover, I believe that most political groups in Egypt are well aware of the situation and understand what it calls for. (Although I must admit that some of the elements sometimes go to extremes in their shortsightedness, miscalculation, or misrepresentation).

Speaking more frankly, I do not think that even the opposition groups consider completely playing the democratic game. In other words, they cannot conceive--merely conceive--being able to win the silent majority over to their ranks or move them in a radical manner so as to become an active majority that would enable them to assume power and make it an alternative ruling body in the near future.

The most that the opposition groups can look forward to in the foreseeable future is to have a say, to have a share in power, and to have influence on decisionmaking. Nothing more than that in my view.

This itself is something good because it shows a sound appreciation of this and a correct view of facts and balances.

Seventh, if I reiterate and say that I see no great or menacing dangers to Egypt internally unless its problems become complicated, I must add that these dangers are increasing to a degree necessitating vigilance and caution.

For 2,000 years, probably since the collapse of the Pharaoh state with the downfall of the 31st dynasty, there was a semi-written pact between the Egyptian fellah and the ruler in Egypt whether he is Egyptian or non-Egyptian. For the fellah's part the contract says something to the effect: "Leave me alone here to find my food, housing, and clothing and do what you like in the capital away from me and without a legal mandate from me." The Romans, the Greeks, and the Persians have come and gone. And following the early Islamic conquest the state changed hands between the Omayyads, the Abbasides, the Fatimides, the Ayyubis [Saladin], and even the Memluks and the Ottomans. These have gone but the Egyptian fellah--the majority of the Egyptian people--continued to respect his part of the old contract--to find his food, housing, and clothing, depending on the fertility of the Nile year after year. He was contented and satisfied as long as the provisions of the unwritten pact were respected. But the violation of these provisions was always an evil sign. When the conditions were violated the fellah--the majority of the people--would move. His movement begins by showing anger then revolution.

But the circumstances have now changed. The people who were 5 million in Muhammad 'Ali's era have now become 50 million. As time went by the people have come to realize that they can no longer find enough to meet their needs. So they can no longer leave the capital alone nor let the ruler do as he wishes. Era after era and year after year the countryside began to crawl toward the city in order to look for a new social contract. The cities began linking to other cities within the borders and overseas.

We have now reached the age when the whole world--indeed the universe--has become a global village which has the same rights, the same demands, and the same aspirations and ideas.

If we were to say that this is the case with other peoples in this world, we must not forget that Egypt is a special case because its location and position is in the heart of the world and, therefore, in [word indistinct] of its interactions. This too is a good thing if vigilance and caution are maintained.

Thus, we find ourselves facing good things. Goodness, as some legislators say "is a necessary but not sufficient characteristics." That is, we are facing a situation that is neither ideal nor perfect, but it is not extremely bad or impossible. Certainly, it is qualitatively better than most of what we see near us or distant from us, particularly in the Third World to which

we belong by virtue of the stages of development. We have made considerable progress and have been through rich experiments, although some of them were disturbing. After a period of violent dizziness we reached a crossroads and, as the saying goes, some are safe roads and others are unsafe roads.

It is for this reason that I fear the signs or symptoms of friction or clash between the various political forces in Egypt.

I said at the beginning of this article that this is something we have no need for; there is nothing in Egypt that should call for it. Also it is in nobody's interest. I also said at the beginning of this article that the conditions of the country and the situation in the area and the world cannot tolerate it. If we allow this to happen then it means that we would be risking our destinies and Egypt, which is in the frontline of the Third World countries, will retreat to the rear lines as we now see happening to certain African, Asian, and Latin American countries.

This is the reason for the priority I have given to discussing the subject of "the political decisionmaking process in Egypt," whether such priority is due to the coincidence of timing or because of the persistence of signs fraught with dangers.

I would say that the signs of tension we now see around us are some kind of misunderstanding between the various political groups and probably some kind of reshuffling of cards and roles. All of this is related to the "political decisionmaking process," its effects and the consequences and accumulation of such effects.

Perhaps I should add that there is an increasing sensitivity toward the "decisionmaking" process these days. There is a feeling that the situation is some sort of a transitional period between a historic project whose character has not yet been defined.

The historic project about which an undeniable majority of the past era will enthusiastic was the call for peace and prosperity after the October war. That was a historic project that seemed possible to the majority of people while a minority saw it as some kind of illusion. When the experiment ran its course it turned out to be a shift from a dreamland to a nightmare. It turned out that the absence of war is not peace and that lack of discipline is not openness.

Livw nations cannot survive without making their mark on history. If they launch a successful historic project they consolidate it and if they lose a historic project they formulate an alternative to it but the transitional period between losing one and finding another is always the most difficult. During such a period the decisionmaking process becomes like walking a rope over a valley swarming with hungry beats. That is why all sides are always very eager to ensure that no decision should irreversibly affect the formulation and structure of the new dream project.

That is why the political decisionmaking process is open to discussion with urgency dictated by factors of time and purpose. Nobody should be embarrassed by the discussion and nobody should allow friction or clashes through misunderstanding or reshuffling of cards or roles, particularly since the aim is to eliminate the confusion, revise, and rearrange matters, not embarrass or defame anyone. At least I do hope that nobody wants or seeks embarrassment or defamation.

At this point it may be appropriate to review and consider some examples of the decisionmaking process in 1985. My honest and impartial aim is simply to express a feeling, which many people share with me, that the political decisionmaking process in Egypt needs to be reconsidered. I do not want to say more and I cannot say less.

In January 1985 what was at the time called economic decisions were issued after a series of meetings which went on for weeks and months. The decisions were announced by the then Economy Minister Dr Mustafa al-Sa'id. To pave the way for the decisions, all the state's official information media said that the decisions would solve the problems of production, financing, trade, and even the dollar rate.

Only hours after the announcement, amendments to these decisions began to be introduced which was reasonable because in the implementation of any plan loopholes do appear and should be plugged.

Only days later there were hints followed by statements that the decisions were not only altogether wrong but also that they would cause a catastrophe in the national economy. Furthermore, the minister in charge did not carry out what had been agreed to between him and the prime minister and the entire cabinet. He implemented a policy which was solely his own, imposing on the others an embarrassing fait accompli.

Nobody knew how that happened or how it could happen nor why that minister remained in his post pursuing that policy for 3 full months, against the agreed policy and to the detriment of the Egyptian economy.

In February 1985 Jordan concluded an agreement with the PLO under which Jordan and the PLO decided to participate jointly as one team in any move to settle the Palestinian question. Then Egyptian foreign policy produced a proposal calling for prior negotiations between the United States and the PLO. It later transpired that the Egyptian proposal came as a surprise to the Jordanian Government, the PLO leadership, and the U.S. Administration. The Egyptian proposal added confusion to an already complex situation and placed the issue on an endless circular road: The PLO was called on to propose names of Palestinians acceptable to Washington and since Washington did not wish to deal with the PLO the latter had to submit its list of candidates to the Jordanian Government which then passed it on to Washington which crossed some names out and then passed the list to Israel which crossed out all the remaining names with everything going back to square one with new lists. All that was accompanied by pressure on the PLO to accept UN Security Council Resolution 242 which neither concerns it nor its people.

I may be permitted here perhaps to recall a discussion which once took place between former U.S. Secretary of State Cyrus Vance and former Israeli Foreign Minister Yigal Allon as related by Cyrus Vance himself. In brief, Vance told the Israeli foreign minister that "information available to Washington indicates that the PLO is on the verge of accepting Resolution 242." Allon's reply was that that information was incorrect and that the PLO would never recognize that resolution. Seeing the surprise on the secretary of state's face, he said something which summed it all up. Yigal Allon said: "If the PLO recognized that resolution it would no longer be a liberation organization."

Until April 1985 Egypt had the burden of a Sudanese regime which, it had been known for years, was opposed by the vast majority of the Sudanese people. On 6 April a sweeping revolution broke out in Sudan while [former President] Ja'far Numayri was in Washington. U.S. Secretary of State George Shultz met with him and advised him to go to Khartoum immediately knowing for certain that the end was at hand but anxious to get rid of the burden before that fact was announced. Acting on Shultz' advice Numayri left Washington in a hurry for Cairo on his way to Khartoum. A few hours before his arrival in Cairo the end was announced over Khartoum radio and it fell to Cairo to break the news to him as gently as possible. At Cairo airport he asked who was in charge in Khartoum and was told that Lieutenant General 'Abd al-Rahman Siwar al-Dhahab agreed to head a transitional government until elections are held.

Numayri was alarmed and could find nothing to say. Lamenting, he just kept repeating the following phrase: "Siwar al-Dhahab, Siwar al-Dhahab, but I took his oath before I left." That was all he could think of as if it was a matter of loyalty to individuals not to homelands and as if it was not Lt Gen Siwar al-Dhahab's first duty--before any other commitment--to absorb the emergency situation which arose in the Sudanese Army and respond to the people's anger or let all Sudan--people, army, and provinces--disintegrate.

Until that point matters were taking their usual course but then the Egyptian Government gave Numayri political asylum against the unanimous wish of the Sudanese people who, to say the least, were displeased.

Political asylum is a recognized right and it should be granted. Denying it or hesitating in granting it would be a breach of commitment, but all that depends on certain conditions. One such condition is that granting political asylum should be in harmony with, not against, the interests of the host country. Another such condition is that such a move should be based on the principle of freedom. Regrettably, none of these applied to Numayri.

Numayri's imamhood claim and his insult to the great Islamic Shari'a by what he did under its cover do not in my view justify it [Numayri's political asylum].

The plot of transporting Ethiopia's Falasha Jews to Israel contrary to the dictates of national security does not justify it, particularly since the plot was hatched for a price--in other words it was not a mistake or just a sin.

The stupidity of throwing Sudan--south and north--back into the bloody mill of civil war does not in my view justify it.

The deal under which he mortgaged Sudan's exhausted and plundered resources with a Saudi businessman to finish them off does not in my view justify it.

The strange thing is that the United States, which had benefited from his rule more than any other state, had no preoccupation in the final moments of that rule other than to send him out on a no return exit visa. The United States did the same thing to the shah of Iran before him and to Haitian President Jean-Claude Duvalier last week. The United States was not the only state to turn Duvalier down. Greece declined to accept him and so did Switzerland, the haven of refugees for centuries. The reason is what I have already said which is that the right of political asylum has certain prerequisites: that it should not be against the country's interests and that it should conform to the principles of freedom.

The strangest thing in the Numayri affair was that some Egyptian official information media published reports which were quite the opposite of the truth. Their aim was to encourage the new leaders in Khartoum to visit Cairo. That is why it was reported that Numayri had left Egypt for an unknown destination. It later transpired that Numayri never left Egypt at all.

Early in the summer of 1985 the government made an unforgivable mistake. It took to the People's Assembly, on the last day of its parliamentary session, scores of bills for approval within a matter of hours because the members were invited to a tea party at the presidential palace on the occasion of the end of session. So the assembly was in a race with time where minutes and seconds counted. It had to tackle scores of bills in the morning and go to tea at the presidential palace in the afternoon.

Some of the deputies felt that they were placed between the hammer and the anvil in an unbecoming maneuver. Some people were upset and there was tension in the air. The government seemed to be exploiting something which should not be exploited and to be taking advantage of an institution which everyone respects and on which everyone pins their hopes and aspirations because in our current circumstances it is the centrifugal point and the element of balance and cohesion in the entire situation. That is why it should be above all parties and disputes, a haven for all the people and not for a particular party and its government.

Throughout the summer of 1985 the government acted in a questionable manner. There were signs of anxiety about measures and decisions which produced unfavorable reactions in several positions such as Kafr al-Dawar, Port Said, and Alexandria--land and sea.

As people wondered what was happening and why, the word came that a cabinet reshuffle was out of the question. I believe that the people's sensing of possible change or their talk about the possibility of such change was in itself tantamount to a message to the authorities that "there is need for reconsideration." The truth is that it is difficult to interpret such messages as being excesses by the people or provocations aimed at the decisionmakers. That is why they should be met not with resentment and disregard but with persuasion and response if it emerges that what the messages call for is the right and desired thing.

In September 1985 a cabinet reshuffle was suddenly announced. It then emerged that only the prime minister was changed and that everyone else remained in his post, with a few exceptions. That was followed by many explanations and details most of which were not convincing, or at least insufficient.

October 1985 was a disturbing month from the beginning to end. It witnessed the entire tragedy of the "Achille Lauro" hijacking. The hijacking of the ship was not the tragedy. The tragedy was that the Egyptian Government volunteered something not of its concern. Its motives, as stated, were humanitarian. It rescued the passengers and took the hijackers away with the intention of handing them over to the PLO for trial and so the matter would be resolved. What did actually take place was quite different from what was intended and the end result was the insult of the hijacking of an Egyptian airliner by U.S. fighter planes on the orders of the President of a super-power who personally conducted the operation as if he was conducting a star war.

In November 1985 the Egyptian Government invited [PLO Executive Committee Chairman] Yasir 'Arafat to visit Cairo, or maybe he invited himself but the Egyptian Government welcomed him. A delegation came before him to prepare for the visit and it spent 5 days in Cairo without anyone receiving it or it receiving anyone. Until just hours before 'Arafat's arrival, nobody gave him any arrival time or told him how he would be received, where he would be staying, or how he would be treated. On the day of his arrival the official information media reported his arrival in a few lines.

Towards the end of November 1985 an Egyptian airliner was hijacked in Malta. Cairo decided to go in and end the hijacking by force. It was announced that an Egyptian force had arrived for that purpose before the actual arrival of that force at Luqa airport in Malta. The intervention occurred in a manner that reflected a lack of information and miscalculation. Then there was the way in which the Egyptian media handled the hijacking events from the bad beginning to the tragic end.

In December 1985 the clamor about the Sulayman Khatir issue began. I will not now discuss whether Sulayman Khatir was a murderer or a hero or whether he committed suicide or was a martyr. That is another matter which will have its place and time. The point I am concerned with here is the political decisions connected with the developments related to this issue, the latest being the government's entanglement in the autopsy request and the confusion which accompanied all that and which was uncalled for and which Egypt's conscience did not need.

To be fair, there were certainly other examples where the decisions were right on target and where they achieved their objectives. Perhaps these examples deserved more acknowledgement of credit for those responsible and greater appreciation of the efforts made, but however we try we cannot ignore the examples we have just listed and considered. Although they were only examples they should draw our attention to a matter that is worth noting. When certain phenomena with the same results are repeated once, twice, three times, and so on, it means that we are faced with something that exceeds and goes beyond mere coincidences. We find ourselves asking a real question about the political decisionmaking process in Egypt. Then we find ourselves asking a real question about the value or use of friction or conflict among the various political forces in Egypt most of which, as I have said, is the result of misunderstanding or a reshuffling of roles and cares. Is it not true that the decisionmaking process anywhere in the world is the factor which controls the tempo of the dialogue in it?

After all that questioning we find ourselves face to face with two specific questions:

The first question is what stands in the way of political decisions in Egypt? On examination there are one or more things standing in the way of political decisions in Egypt. There certainly are objective reasons for that thing or things. If we can truthfully say that political decisions in Egypt now are not a chain of mistakes we can also honestly say that a significant number of decisions should be discussed, reconsidered, and reexamined.

The second question is what can be done to provide all the necessary guarantees for sound decisionmaking after sound intentions and honest motives? Objectively, every problem should have a solution--and experience teaches people that every complicated problem carries within it the key to its solution given patience, concentration, thought, contemplation, and going from the surface to the depth of matters.

These two questions must be answered accurately, sincerely, and without sensitivity or embarrassment. When a person assumes public responsibility he has no alternative but to consider himself public property.

I say it with deep appreciation and respect.

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CSO: 4500/95

EGYPT

PAPERS VIEW CAUSES OF POLICE RIOTS

GF271712 Abu Dhabi WAM in Arabic 0640 GMT 27 Feb 86

[Text] Abu Dhabi, 27 Feb (WAM)--Two local newspapers today comment on the bloody acts of violence which took place in Cairo yesterday following the rebellion of central security units. The two papers disagree in their analysis of the causes and motives for these incidents.

Under the heading "May God Preserve Egypt," the newspaper AL-FAJR prays to God to protect Egypt and preserve it from all harm. The paper affirms that "Egypt today, as it has always been, is the target of all the forces that lie in wait for it, and which never stop using all weapons against it in order to deprive it of the stability that will open the way to its progress, to rob it of the strength that will enable it to carry out its historical role, and to isolate it from its Arab environment in order to prevent it from carrying out its pan-Arab responsibilities."

The paper expresses regret because the current events in Egypt are taking place at a time when Egypt endeavors to free its national will, assert its patriotic loyalty, and restore its pan-Arab role. "Taking into account the severe accumulated problems from which Egypt is suffering and which are a burden to the Egyptian leadership, nobody can ignore the trend of this leadership toward liberation from the heavy legacy whether on an internal, Arab, or international level," the paper says.

The paper notes that this trend is not welcomed and faces hostility by foreign powers which are executing their plans to keep Egypt weak, drowned in its problems, and isolated from the Arab environment. It is in the interest of these powers that such a growing trend in Egypt is countered by drowing it in a state of chaos and turbulence.

The paper urges taking these matters into consideration when explaining the events taking place in Egypt so that there will be no room for misunderstanding or misinterpretation.

The Al-Shariqah-based newspaper AL-KHALIJ expresses the belief that what happened in Egypt yesterday is another form of the January 1977 events. It says: Any attempt to minimize the size of yesterday's events by describing

them as riots or acts perpetrated by malicious and mad people is an attempt to ignore the facts of the current situation in Egypt.

The paper explains the size of the rebellion and its spreading from Cairo to Asyut and Al-Isma'iliyah and links its cause directly "to the Egyptian situation which is troubled economically, politically, and socially as a result of the policies or rather the prevailing options since Al-Sadat's open door policy in the mid-1979's.

The paper reviews a number of problems from which the Egyptian Government is suffering including the economic measures which affect a majority of the Egyptian people, the foreign debts which amount to \$35 billion, and "the great disorder which has been inflicted on the structure of Egyptian society due to the open door policy."

The paper wonders: Can the Egyptian Government assess the size of the moral and mental crack which is caused by its foreign policy toward Israel and the United States? And does the Egyptian Government appreciate the size and type of the reaction to this crack which is deepening every day?

AL-KHALIJ states that "the rebellion in Egypt yesterday" hit one professional segment, the roots of which extend into the depth of the basic popular mass in Egypt. The paper says that the events were an expression of the reactions inside this mass, the results of which are bound to come out one day.

In conclusion, the paper asserts that what happened in Egypt places Egypt before two options: "Either continuing the current working policies, leading Egypt to the road followed by the military dictatorships which are spreading in Latin America, or letting what happened be an opportunity for a complete review of current policies."

The paper calls on Egypt to adopt nationalist policies which will terminate economic subservience to the United States and international capitalism, and to be biased in favor of the interests of the great majority of the Egyptians.

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EGYPT

NEWSPAPER VIEWS SIGNIFICANCE OF POLICE RIOTS

PM050907 Cairo AL-AKHBAR in Arabic 2 Mar 86 p 1

[Chief Editor Sa'id Sunbul article: "The Significance of Events"]

[Text] The fire has been extinguished and the black smoke that hung over Cairo has dispersed. Tempers have begun to cool and things are settling down, but the public has not stopped asking: What happened?

Regardless of the current investigations, of the possible conclusions, of the speculation, guesses, and analysis on which we might agree to disagree, I would say that a number of facts have emerged from the bloody events that took place in Egypt in the past few days, facts on which, I believe, we should agree and not disagree.

The first and most important of these facts is that despite the different political inclinations, regardless of social status, and notwithstanding the hardship the Egyptian is experiencing, everybody in Egypt has rejected what happened and condemned it.

Everybody agrees that this method does not solve problems but rather further complicates them and renders them insoluble.

The bloody events have proved that Egypt's domestic front is stronger and more solid than its adversaries, enemies, and the spiteful ones imagined. They have proved that in moments of danger the Egyptians rise above their differences and problems and forget their worries; they focus only on Egypt and rally round it in order to defend it with all their being.

The adversaries and enemies imagined that people in Egypt oppose the regime and that the situation is shaky and likely to collapse. This was what they said, reiterated, published in their papers, and broadcast on their radios. They believed themselves and so they sat waiting for the ripe fruit to fall.

But when the bloody Tuesday came, events proved the opposite. The whole nation rallied around the president and the regime representing it. The armed forces stood in unity with the people to defend them and their aspirations just as the people stood in unity with the Armed Forces, thus all becoming one.

Another fact that we should not avoid or ignore is that the recent events will no doubt lead to increasing the economic burden under which we are suffering.

It is no secret to anybody that for several months Egypt has been experiencing difficult economic conditions resulting from a substantial drop in revenues on the one hand and a large increase in the amount of obligations, resulting from massive debt installments and interest this year and during the upcoming year in particular. It happens that during these 2 years we will be paying the largest installments, which will begin to decrease markedly beginning in 1988.

In the face of these challenges the state decided to emphasize the need for self-reliance in order to tackle these difficult times and emerge from the crisis we are facing.

Self-reliance calls on us to work more, produce more, and save more. We should encourage investments, especially private investments. We should also encourage saving. All these things can be achieved in an atmosphere of stability, reassurance, and democracy.

President Husni Mubarak was proceeding from this principle when he called for a great awakening in Egypt.

But while facing this challenge, responding to the call of self-reliance, and attempting to consolidate stability a series of events took place that raise big questions. Were these events a mere coincidence or were they a plan to strike at Egypt's stability and try to crush it by destroying it economically?

The hijacking of the Italian ship and its aftermath; the hijacking of the Egyptian plane which was followed by a sharp drop in tourism; the handling of Sulayman Khatir, which attaches greater importance to the affair than it warranted; and finally the recent events on bloody Tuesday: Are these all mere coincidences or are they part of a series of evil plans aimed at striking at Egypt and smashing it!

I ask these questions and leave their answers to the coming weeks and months in the hope that they will provide those answers or some of them.

The loss is tremendous but the positivism that the events of bloody Tuesday generated is not little; it is substantial. Egypt is still in good shape and its people stand alongside their president and their regime and not against them as the spiteful ones are imagining.

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EGYPT

CAIRO DAILIES VIEW HUSAYN SPEECH ON PLO

NC230550 Cairo MENA in Arabic 2220 GMT 22 Feb 86

[Excerpts] Cairo, 22 Feb (MENA)--The two Cairo dailies, AL-AKHBAR and AL-JUMHURIYAH, continue to comment on the decision by King Husayn of Jordan to stop working with the PLO to reach a peaceful settlement of the Middle East issue.

In its Sunday issue, AL-JUMHURIYAH says that certain political circles are using the crisis between Jordan and the PLO to deepen the differences, to take advantage, and to turn a passing argument into a complete rupture of relations. In so doing, these circles, consciously or not, are working for Israel.

The paper adds that the Arab world, which is ruptured by Arab disagreements and disputes, does not need further division and internal conflicts. During the past decade, events have proved that Israel has been the primary beneficiary of such differences. Israel does not hesitate to make use of the deteriorating Arab relations to carry out its plans. These seek to annex more land, to tighten control over the occupied Arab territories and to change their features.

AL-AKHBAR notes that King Husayn's decision to end coordination with the PLO means more pressure on Yasir 'Arafat.

Like UN Security Council Resolution 338, includes recognition of Israel's existence; however, it also deals with the Palestinian issue as one of refugees. To demand that the PLO accept these resolutions, the paper says, is to order the PLO to surrender its last card. This would impose further pressure on 'Arafat and the PLO.

The paper calls on the United States not to pressure only the PLO, especially since Israel so far has not shown an encouraging attitude toward peace.

In conclusion, the paper calls on the U.S. Administration to consider two factors in judging 'Arafat and the PLO. These are the Jordanian-Palestinian agreement to act together to reach a peaceful settlement, and the Cairo Declaration, 'Arafat's commitment to end terrorism outside the occupied territories.

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CAIRO RADIO VIEWS HUSAYN SPEECH, U.S.-ISRAELI ROLE

NC232058 Cairo Domestic Service in Arabic 1840 GMT 23 Feb 86

[Unattributed commentary]

[Text] The basic point that must be emphasized is that the attempt to exclude the PLO from participation in the peace process responds to a tactical and strategic position jointly held by the United States and Israel. King Husayn's announcement to the Jordanian senate a few days ago that Jordan was halting coordination with the PLO expresses a need for the PLO to demonstrate more flexibility in the peace negotiations. But, acting on behalf of Israel, the United States has set forth conditions for PLO participation that cannot be accepted by any liberation movement in the world.

King Husayn, however, told a U.S. television network yesterday that he adheres to the content of the Jordanian-Palestinian agreement of February 1985, and supports the PLO's right to represent the Palestinian people. He asserted that he did not intend to enter into direct negotiations with Israel as a spokesman for the Palestinian people. He held the United States partially responsible for the failure of the peace efforts, saying that the United States was only stalling.

The current attempt to exclude the PLO with all its groups will not be well received by the masses of the Palestinian people inside or outside the occupied land. As any observer can see, Israel is trying to deal a final blow to the PLO, relying on U.S. support. Security Council Resolution 242 concerns countries that lost parts of their territory through occupation. It does not take into account the Palestinian people's right to determine their future in the West Bank, Jerusalem, and the Gaza sector.

We can affirm here that the Palestinian people in the West Bank, the Gaza Strip, and in the diaspora refuse to lose their national identity as one of the components of the Arab nation. These people are struggling to emphasize their distinction no matter the sacrifices needed to preserve this identity within the Arab nation. They are striving to be able to determine their future on the same footing with all peoples of the world.

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EGYPT

RADIO COMMENTARY ON JORDANIAN-PALESTINIAN RELATIONS

NC211715 Cairo Domestic Service in Arabic 1240 GMT 21 Feb 86

[Usamah 'Abd al-Ghani commentary: "The Effects of the Jordan-PLO Dispute on Peace Efforts"]

[Text] The suspension of coordination between Jordan and the PLO on Middle East peace efforts is regrettable, since it is bound to have an effect on these efforts. Coordination was a ray of hope in the search for a solution to the Palestinian issue. The suspension of the Jordanian-Palestinian talks came as a surprise. However, it is expected that the two sides will continue their contacts and will find a way to resolve their disagreement over the recognition of UN Security Council Resolution 242. They would then be able to work out a formula according to which an international peace conference could be convened.

As a result of its frequent consultations with Jordan and the PLO, Egypt was aware that King Husayn and Yasir 'Arafat were not yet in agreement. Jordan is a main party to the peace process. Egypt had also noted that the PLO was forging ahead along the road to a peaceful solution. However, there was some kind of misunderstanding between the two sides. Egypt listened to the views of Jordan and the PLO, and tried to help by playing a mediating role. It is always possible to work out a formula to solve any problem as long as the will is there. But it transpired that the dispute centers on fateful issues. Its solution requires an attitude of give-and-take and will take a long time.

Yasir 'Arafat has expressed his readiness to accept UN Security Council Resolution 242 provided it stipulates the Palestinian people's right to self-determination. He has also declared that the dispute is between the United States and the PLO. King Husayn has said that this issue is an internal one concerning Jordan and the PLO. The United States has nothing to do with it or with the Jordanian-PLO accord.

'Arafat has asserted that pressures are being brought to bear on the organization to make it accept Resolution 242 as a basic precondition for the convening of an international conference. He said that this is a serious matter because other UN resolutions, which say that the international conference should not be a front for direct negotiations with Israel, have been ignored.

A State Department statement has for the first time acknowledged the legitimate rights of the Palestinian people. It makes a connection between Resolution 242, which reiterates the principle of withdrawal in return for peace, and Resolution 338, which calls for negotiations to be conducted under the auspices of an international conference, in which the five permanent members of the UN Security Council would participate. However, it is hoped that the U.S. statement may yet be followed by other important and positive steps toward eliminating obstacles.

Those who exaggerate the gravity of Jordanian-Palestinian differences and those who expect that the outcome will obstruct peace efforts are mistaken. Neither King Husayn nor Yasir 'Arafat has said that the Jordanian-Palestinian accord should be revoked. Indeed, they affirmed their commitment to the spirit and letter of this accord. In the address in which he announced the suspension of coordination between Jordan and the PLO, King Husayn said that the accord will continue to embody the principles and bases governing relations between Jordan and the Palestinian people. The issue is purely a dispute over viewpoints that requires work to narrow the gap and sincere and honest efforts to give momentum to the peace process so that it does not come to a stop.

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EGYPT

ARTICLE VIEWS U.S. BEHAVIOR, DECISIONMAKING

Cairo AL-AHRAM in Arabic 2 Feb 86 p 7

[Article by Ahmad Sidqi al-Dajjani]

[Text] Three questions relating to the United States of America have been repeated many times in our region during recent months as events have unfolded.

How are we to understand the behavior of this state?

What is the state's future?

How are we to deal with it?

I remember that the first question came up once during a meeting that included a number of those working in international politics. In it they brought up a number of American acts towards the region, pausing at each act in an effort to understand it, and so the American positions passed before them in succession.

One of them said: "The latest of these positions is the U.S. vote in the Security Council against the resolution condemning Israeli practices in Jerusalem in connection with repeated Zionist attacks against the al-Aqsa Mosque, and the American delegate used his right of veto, even though the resolution had been drafted with extreme moderation so that everyone would agree to it."

Someone else said: "We must point to American behavior in the aftermath of the Rome and Vienna airport incidents, the military show of force in the Mediterranean that has been going on since that time, the measures to cut Libya off economically, American activity among Western European states to persuade them to join the boycott, and the pressure that it put on them so that their companies would not take the place of American companies."

A third said: "I will not forget Shultz's trip to some Eastern European countries, and his agitation at the press conference on account of the Yugoslavian foreign secretary's words about the right of peoples suffering occupation to resist, and the need to differentiate between terrorism and resistance. At that time Shultz got upset and exceeded the bounds of

'political decorum' when he struck the table with his hand and waved his fist, as he raised his voice and refused to recognize the justifications for resistance."

A fourth said: "I have followed the details of the American course of action in the interception of the Egyptian airplane and its being forced to land at an American base on Sicily, and amazing events surrounded that. Before that I followed the American position on the Israeli raid on Tunis, beginning with it giving the green light, through its justification of the raid, and finally its sending of envoys to calm things down."

With respect to time, the United States is a young state; its age as a state is just a little more than 2 centuries, which is a young age. With respect to age, how great the difference seems when we compare it to the rest of the permanent member states of the Security Council, and it seems even greater when we compare it to the history of the states in our region.

Our sage Ibn Khaldun taught us that "a state has a natural lifespan, like people." Some modern political geographers, one of whom is Van Falkenberg, followed in his footsteps when they talked about the four stages in the development of a state. They are: infancy or emergence; youth or expansion; maturity or stability; and finally old age or withdrawal.

At which of these four stages is the United States today?

The United States passed its stage of infancy or emergency with the end of the 19th century. Jamal Hamdan notes that that century represents its infancy as a state, "since following the wars of independence it remained pre-occupied with purely domestic struggles, civil wars and operations of regional incorporation or consolidation of local unity."

The United States entered the stage of youth or expansion at the opening of the 20th century. Its "elements of power" became clearly evident, then the "signs of its conceit with its power" became even more evident.

This conceit reached its height during the 7th decade of this century, so that some considered it a kind of "power madness." The the United States got into its trouble in Vietnam, at a time when it monopolized power.

A number of scholars believe that after this crisis, the United States entered the "period of maturity or stability" because of the Vietnam problem and the shock of the agreement, and in fact many indications of the soundness of this opinion came with the 8th decade, when relations between the United States and the Soviet Union entered a phase of "relaxation" or "detente" as some have called it. But no sooner had the 9th decade begun when it brought with it many other indications that the United States was still in the period of its youth.

These signs were connected to the presidency of the Republican president, Ronald Reagan, which saw the crisis in relaxation at its worst throughout the first term of his presidency. It also saw the Israeli invasion of Lebanon with American support in 1982, the adventure of the American fleet in Lebanon in 1983, in addition to shows of force here and there in our world. This period in American history has been characterized by the domination of the conservatives. Their institutions have been prominent and their ideology has been openly expressed, and their symbols have been widespread, openly declaring support for aggression and for racist Zionism and racism in general. It suffices to mention the name of Jeanne Kirkpatrick, who worked as an ambassador to the United Nations throughout the 4 years of Reagan's first term.

So has the United States entered its period of maturity, or is it still in its period of youth?

The United States, in view of its strong position, is a great power, and according to Jamal Hamdan it is, along with the Soviet Union, one of the "mammoth" powers, in reference to the huge historical animal. Some have also mockingly called them the dinosaur powers, since it is well known that the head of a dinosaur is much smaller than its huge body, and the United States is characterized by a vast area and a population of more than 250 million people, who came from diverse societies and were mixed together in the melting pot of the new state that extends across a large part of the continent.

The United States adopted an ideology which is based on capitalism, which is fanatical about its own nationalism, which upholds a pyramidal class structure, and which believes that the advancement of history and the society lies in the advancement of science and technology. In fact, it has had outstanding achievements in science and technology. Thus, the most important thing that has characterized it as a state in its period of youth is that the maturity of its material power--according to Jamal Hamdan--preceded the maturity of its political expertise and sophistication to a disturbing degree, to the point that brawn is put before brains in international politics. Thus, it has come about that "the machine is above all else," as Baldwin says.

Out of that situation there arose what Fulbright called the arrogance of power, and the United States began to imagine that it was the "world's policeman," and took upon itself the guardianship of the world, employing a "world" strategy, then a "stellar" one and then a "universal" one. We must note how extreme the talk is about the "universe" as a whole, and how President Reagan's talk, following the Challenger disaster seemed to express this concept when he said that the United States is determined to "conquer" space or to subdue it. It was to be expected that when it carried out its expressed role, this concept would bring this nation to begin to depend on brute force in its dealings, and that it would not refrain from using violence, heedless of international law but relying on its own law. Here we must point to Vietnam less than 2 decades ago, and to the events of the last 4 months.

Because of all that, the United States has become a rebel facing pressures, as Baldwin said, and aspects of its strengths and weaknesses have come to light in this rebel, and its crisis of power has intensified, and the effect of all that on its behavior is clear.

What are the pressures that this rebel is facing? This question stands out, and it requires a new detailed event by which we may move on to another phase in the attempt to understand the behavior of the United States.

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EGYPT

PUBLIC OPINION, GOVERNMENT DISCLOSURE POLICY DISCUSSED

Cairo AL-AHRAM in Arabic 30 Jan 86 p 20

[Commentary by Ahmad Baha'-al-Din]

[Text] I do not know how long the government will continue to deal with public opinion in a secretive and politically abstruse manner, at a time when we are gradually progressing towards a democratic society...for we have parties and opposition papers, and what the government media do not publish will be published in the opposition papers.

The latest example of that is that the prime minister, Dr 'Ali Lutfi, became ill.

People noticed his absence at first, and following that it was publicized that he only had an influenza attack, when in fact he had a slipped disk in his spinal column.

Anybody who has experienced this affliction and any doctor, of course, knows that the pain cannot possibly go away and allow the victim to move around in less than 4 weeks exactly. But the prime minister, as I understand it, left his bed early and went to his office in order to be seen again, and I believe that he did that, though I have not yet had the honor of meeting the prime minister personally, under the pressure of this atmosphere of secrecy. It happened that his condition was aggravated, and that is also something that is known by any former patient like me, or any doctor. Whispers and rumors multiplied about cabinet crises, differences with the prime minister, and various changes in upper level posts, to the point that every reader has to have heard about them.

The prime minister had to go back to lying on his back on a hard bed. When it was published that he was traveling to London, I expected that he had to travel in order to make a decision on whether to have an operation or not. With respect to the spinal column, it is a serious decision, and doctors disagree on whether the surgical operation is beneficial or not, and rumors and reports abounded.

What would have happened if the government had reported the prime minister's illness and the nature of his illness from the very beginning before any other source?

Any prime minister is a human being like everyone else. He gets sick, and he tires and encounters health problems. In European countries and America, the illness of a head of state is publicized from the very beginning.

However, the attempt to hide and conceal such occasions and subjects in their simplicity causes an adverse reaction. The people's lack of confidence in official explanations grows, and rumors start that unjustifiably waste time and fray nerves, and create an atmosphere of tension and questioning, both of which are undesirable.

Tell the people the simple facts, and more important than that would be to tell the facts at the appropriate time, sparing yourselves many problems.

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EGYPT

PAN-ARAB DIALOGUE SOLUTION TO ARAB DILEMMA

Cairo AL-AHRAM in Arabic 30 Jan 86 p 13

[Commentary by Lutfi al-Khuli: "Result of Dialogue: Six-point Work Program"]

[Text] In this article, Mr Lutfi al-Khuli winds up the national dialogue which has been occurring on this page for a whole year about "the current Arab dilemma and the way out of it." It is a dialogue in which 65 intellectuals, politicians, party leaders, independents, and intellectuals of various schools from 14 Arab countries took part, in addition to 22 editorials in the "Opinion" column, 13 "From the Editor's Desk" editorials, and 2 seminars. The first one included Arab intellectuals and the second brought together Egyptian intellectuals and about 300 letters expressing the views of the Arab public.

In this article, which concludes a full year's dialogue, Mr Lutfi al-Khuli sums up the points of agreement among the various political, intellectual, and partisan Arab orientations and crystallizes what can be called a "national minimum program" to be presented to all political parties, forces, and leaders as a possible beginning for a new pan-Arab political initiative.

Over a period of a whole year (February 1986-January 1986), the National Dialogue column has opened its heart and mind to rich and fertile discussions of what has come to be known as the "current Arab dilemma": its symptoms, causes, and solution.

Perhaps the foremost source of wealth and fertility in this dialogue is the fact that AL-AHRAM has honored its commitment to this column by refraining from deleting or censoring, wholly or partially, opinions and editorials submitted and published in this regard. The purpose of this commitment was that there would be no "veto" on any writer or any opinion, that there would be no such thing as a sacred experience or a sacred person, regardless of his position or the weight he carries, and that the column's credibility would stem primarily from affording the freedom to criticize the trends and orientations of the Egyptian government's Arab policy in particular.

The only exception was inadvertent. It had to do with an editorial by Dr Su'ad al-Sabah (14 March 1985) when an editorial staff executive--in the absence of AL-AHRAM' editorial board and column officials--at the last minute and before the article went to press, deleted three lines which he thought contained a violent attack, unfamiliar in the history of the national press, on President al-Sadat. We extended our apologies to Dr Su'ad al-Sabah, who was very understanding of our situation.

This exception was never repeated. This is with regard to lead editorials written by those who responded to our invitation to participate in discussions about the working paper we submitted on 20 February 1985.

As for opinions and articles we received through the mail from persons who exercised their right as Arab citizens to take part in the dialogue, we received piles of letters. As delighted as we were with such an impressive response, which injected life into the column, we were faced with an acute problem of how to reconcile this large number of letters with the limited space of this column which only appeared semi-weekly. Hence, my colleagues and I exercised the publisher's right to select which letters to publish in order to avoid repetition, while recording the names of the people whose opinions were not published, and to limit publication to the gist of the opinion so as to give a chance to the largest possible number of Arab citizens to have their say under the columns "Opinion" and "Arab Public Opinion."

In the interest of honesty, we are compelled here to note the exclusion of four letters that contained abusive language and slander against some personalities who took part in the dialogue, thus losing their objectivity in expressing opinions or debating ideas with ideas and, therefore, forfeiting--by our criteria--the right to be published. We base this on our belief that the time has come for intellectual and political letters in our Arab nation to be purged of the judicial inquisition tactic in dealing with differing opinions so as to ensure depth and objectivity.

Experience and Credibility

Another source of fertility and wealth in the dialogue was the significant and extensive contributions of Arab writers of all regional, intellectual, and political affiliations without exception (14 Arab countries, 8.46 percent from nationalist currents, 10.77 percent from rightist currents, 24.6 percent from leftist currents, 12.32 percent from centrist currents, and 33.85 percent from among independents who include political-religious currents).

This experience, as far as we know, may be the first one in the Arab world to offer at the media level such a relatively wideranging dialogue among all these currents from various Arab countries to form a pan-Arab perspective. It appears that it is definitely the first experience of its kind in the history of the Egyptian press.

We were intent on directing this working paper and debate at three levels simultaneously: intellectuals struggling and operating in the political arena, theoretical intellectuals (academicians), and those who have been in

positions of responsibility, be it in government agencies or revolutionary movement commands. Thus the dialogue was replete with interplay between thought and action and between theory and application.

Some may wonder why the dialogue was confined to the representatives of 14 out of 22 countries that comprise the Arab nation or why a certain intellectual or official did not participate in it. Was the invitation extended through the column selective? Our answer to these questions is that, to the contrary, our invitation was and still is open to everyone without exception. For instance, we extended the invitation to Presidents Hafiz al-Asad and Saddam Husayn and to brother Mu'ammarr al-Qadhdhafi in their capacity as leaders of their parties and as responsible officials. We also invited a large number of writers and intellectuals from all Arab countries, save Somalia and Djibouti, due to the fact that we did not have sufficient information in this regard, a deficiency on our part for which we apologize and are working to remedy. We also extended the invitation to the Palestinian arena, specifically to each of the following fighters: George Habash, PFLP secretary; Nayif al-Hawatmah, DPFLP secretary; and other leaders who oppose the PLO command.

Unfortunately, we have not yet received a reply from any of them. Perhaps their excuse lies in their misgivings about the column's ability to publish their views in full due to the general negative climate prevailing in the Arab arena or due to the fact that their momentous responsibilities do not allow them enough time to devote to writing.

At any rate, we are still hoping for and urging their participation with the open pledge to publish their views in full, verbatim, now that experience has established the credibility of the column and the dialogue.

In this connection, we must draw attention to the difficulty of telephone, mail, or personal contacts among Arab countries, a situation that limits and sometimes altogether precludes the chances of continuity and interaction among Arab citizens, particularly with intellectuals, writers, and the intelligentsia in general. It may also be due to other reasons related to the absence of democratic guarantees.

At the conclusion of these general observations about the dialogue experience, I would like to point out an important fact that has specific dimensions which must be taken into careful consideration. The column would not have been able to trigger such a dialogue on a pan-Arab rostrum without the healthy atmosphere generated by the new national awakening phenomenon in Egypt and by the peoples' insistence on an Arab affiliation and national identity. It is a deep-rooted awakening which has drawn to the pan-Arab arena the middle class which, prior to Camp David--and this is the peculiar historical irony--was the source of isolationist currents and regional jingoism. And whereas there is no room in this article for a discussion of the manifestations, causes, future, and possibilities of this awakening, what is most significant, in my opinion, is its ability to express itself in an Egyptian national newspaper, particularly in the shade of a general decline of thought, planning, and national practice in the Arab nation. This undoubtedly is objectively due to the fact that freedom of expression in Egypt is gaining considerable ground as a result of the

struggle for democracy and a multi-party system, which is a vital and pivotal popular cause.

And now, what about the dialogue and its results?

Internal Dilemma

An examination of the dialogue's substance, as incorporated in the articles published in this column, reveals three main trends on which almost all sides seem to agree:

The first trend is that the Arab nation is actually experiencing now a serious dilemma of political, economic, social, military, technological, and security dimensions, notwithstanding disagreements among the interlocutors over the symptoms and causes of this dilemma.

Moreover, a consensus in this trend goes so far as to consider this dilemma a historic test of the nation's existence and ability to unite and rise, of its fragmentation and extinction, or of its division among alternate regional formulas, affiliations, and identities that are incompatible with pan-Arab affiliation and the identify of Arab civilization.

The second trend is that the dilemma, by its profound nature, is mainly internal and is not due to external factors. It is true that external factors, such as imperialism, the Zionist-Israeli challenge, and giant multinational corporations are weighty and influential, but they would not have attained such a level of efficacy were it not for the internal weakness and incapacity of the Arab nation's structure, not to mention division and fragmentation.

The interlocutors--with all their various persuasions--agree that the existing regimes bear the responsibility for such negative internal factors because of their disavowal of the modern pan-Arab renaissance plan that began in the late fifties and their withdrawal into narrow regional plans that border on clanishness, tribalism, and autocratic or totalitarian rule which hamper the people's movements and sequester their contributions to development and progress and their lawful right to reap the benefits of their efforts and productivity. This is in addition to the incompetence of the regimes and their mechanisms in utilizing the country's resources and human capabilities, their practice of relying on foreign forces for national security, their participation in surrounding the Palestinian revolution and dropping the military option in the confrontation with Israel, and their practice of putting marginal Arab contradictions above the main contradiction with colonialism and Zionism. In short, this is a poor utilization of the regional personality to complement the pan-Arab personality.

The third trend is that the way out of this dilemma, be it in a reformist or a revolutionary sense, is contingent, first and foremost, on the movement of the Arab masses, who are organized around a joint minimum program on which all the fragmented Arab liberation movement detachments, which are in disarray due to the negative influence of existing regimes, can agree through an extensive democratic dialogue that takes into account the healthy matrimony between the

national private character of each Arab country and the pan-Arab public character of the entire Arab nation. All this is conceivable and possible through the creation of a national front structure at the level of current and foreseeable future challenges for the next 10 or 15 years.

Six Priorities

Thus, the central issue in the dialogues revolves around the points of the program that may be used as a foundation for an organized popular front action, thus arming the Arab masses with a clarity of vision, a list of priorities, and the struggle tool for finding a way out of the current dilemma without getting caught in idealistic or adventurous labyrinths.

An analysis of the substance of the whole array of editorials and options presented in this column (see AL-AHRAM of 15 January 1986) revealed exactly 26 "objectives" of the proposed front-type work program.

However, an "analysis of the substance" revealed as well the dialogue's general trend in crystallizing the list of priorities by evaluating the "points" and "objectives" received from the interlocutors.

It is interesting, for example, that the objective of "Egypt's return to the Arab fold" was the interlocutors' primary cause, for it received 36 points, whereas the "Arab unity" objective received only 4 points.

Does this mean that Egypt's return to the Arab fold has become more important than Arab unity? Of course not. It does mean, however, that the interlocutors concluded that under the current deteriorating Arab situation, "Egypt's return" takes the lead, even though it is a tactical objective compared to the strategic "Arab unity" one. In the absence of Egypt's weight and distinguished role in the Arab arena, talk about unity is rendered an intellectual luxury or an exercise in futility. Hence, the interlocutors considered Egypt's return an immediate objective and Arab unity a future one.

Another interesting point is that the dialogue set a specific ranking order for the first three objectives of the front's work program which began with Egypt's return (36 points), then the issue of democracy (26 points), and then the Palestinian question (20 points).

The question is: Does this mean that the Palestinian issue has lost its traditional control position in Arab national concerns. I do not think so. What happened is that the interlocutors, based on 30 years of experience in the Arab-Israeli conflict, were convinced that without Egypt's weight, on one hand, and true mass participation in the decision-making process and practice through a democratic framework, on the other, management of the struggle with Israel and settlement of the Palestinian question, as embodied in the PLO, the sole legitimate representative of the Palestinian people, will not achieve a guaranteed tactical or strategic gain.

In this framework, the pan-Arab dialogue reached two conclusions: the first, to narrow down the current pan-Arab objectives to 26 goals; and the second, to

give 6 of these goals relative priority over the others and to add them to an agenda of such a program for a front-type action now and in the foreseeable future.

Such an agenda is represented as follows:

1. Egypt's return to the Arab fold (36 points).
2. The issue of democracy (26 points).
3. The Palestinian issue (20 points).
4. The struggle against the American-Israeli alliance as the number-one enemy (15 points).
5. An end to the Iraq-Iran war (15 points).
6. Settlement of Arab-Arab differences in light of the main struggle with the American-Israeli alliance (15 points).

Hence, these are the six issues and objectives the pan-Arab dialogue designated as a front's program for finding a way out of the current dilemma.

Objective Condition

Allow me here to make two quick observations about the specific issues in this proposed program.

The first observation has to do with Egypt's return to the Arab fold. The great majority of interlocutors opposed Camp David as a course of action and as an accord and do not renounce the need to abrogate it. But, at the same time, and in light of long pre- and post-Camp David experience, they are convinced that it is not only an Egyptian issue but an Arab issue as well. On the other hand, Egypt, both as a people and as having material, moral, and civilizational capabilities, cannot be reduced to Camp David. Moreover, Egypt's continued isolation is in essence a common American-Israeli objective.

It is true that persistent official Egyptian commitment to Camp David is the most significant obstacle in the way of Egypt's regaining its Arab weight. At the same time, however, bear in mind that Mubarak's Egypt deals with Camp David in a totally different fashion that al-Sadat's Egypt did. Add to that the qualitative and quantitative escalation of the Egyptian people's movement in confronting and besieging the Camp David Accord.

Consequently, the dialogue meticulously put forth a choice between two stances in this regard. The first one is a proviso that Camp David just be abrogated before Egypt can regain its Arab weight and role, a scenario which offers little chance of being realized at present due to the circumstances and relations of the Egyptian, Arab, regional, and international forces. The second stance is that Egypt's return to the Arab fold and the Arabs' return to Egypt are objective conditions for besieging Camp David and for preparing the objective

circumstances, on the Egyptian, Arab, and international levels, for getting rid of its shackles.

It is apparent that the dialogue chose the second stance, not only because of the Egyptian character of Arabism, as the Lebanese politician and thinker Manh al-Sulh put it, but because Egypt's Arabism is an irreplaceable choice in the strategic confrontation with the American-Israeli alliance, notwithstanding fragmentation, backwardness, and Camp David. However, this choice by the interlocutors places basic obligations on Egypt's shoulders, both as a people and as a regime, concerning Arab issues, in the forefront of which are the Palestinian question, Lebanon, the Gulf war, joint developmental economic integration, and the spread of a climate of democracy and modernization in the Arab nation. If popular obligations are evident with respect to cohesion with the Arab national liberation movement and continued struggle against the Camp David course, official Egyptian commitment is required to deal with Camp David--at the present time at least--as an integral part of the existing Arab-Israeli conflict and not as a substitute, thus applying to it the same set of general national rules that apply to all aspects of the struggle and not a peace that ends all wars.

Confronting the American-Israeli Alliance

The second observation is related to the interlocutors' position toward the United States and Israel.

All the interlocutors agreed that Israel, with its colonialist, Zionist, and aggressive regime, is the number-one enemy of the Arabs and the Arab cause.

But they were not so unanimous with regard to the United States. However, they all demanded equality in relations with Washington and the rejection of the terms and course of dependency and of an American monopoly of Arab international relations.

Nonetheless, unanimity--even with regard to those who have a good opinion of America--returned to the interlocutors' ranks when facing the phenomenon of the American-Israeli alliance. They reaffirmed that Arab countries must use all the capabilities and resources at their disposal to bring direct and indirect pressure to bear in order to abort this alliance and must adopt a radical stand toward the United States if it insists on continuing this alliance.

And Now?

The pan-Arab dialogue about the current Arab dilemma and the way out of it, after 1 year of democratic practice, has clearly outlined ways and means, a program, and a list of priorities for a way out.

Finally, we cannot but humbly submit the results of this dialogue to all intellectual and political currents, parties, and forces throughout the Arab nation with the hope that they may receive the proper attention and be the beginning of a fruitful and effective initiative.

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EGYPT

COMMENTATOR DISCUSSES IMPORT-EXPORT POLICIES

Cairo AL-AHRAM in Arabic 31 Jan 86 p 7

[Commentary by 'Abd-al-Rahman 'Aql: "New Budget, Limited Revenues"]

[Text] What is going on in the mind of the economic administration now that the ministers of finance, planning, the economy, and production are meeting to draw up the general outline of the 1986-87 plan and budget, the last budget of the 1982/83-86/87 5-year Plan? This last year coincides with a challenge brought about by a global situation which has had a direct effect on the scarcity of foreign currency in the form of a certain drop in our oil revenues. If the price of our oil drops an average of \$2.00 a barrel, this means that if this situation persists we will lose about \$180 million, in addition to the value of the expected cut in export quotas. Add to that the certain drop in oil revenues, a big drop in the income of the oil-exporting countries, and the effect of the Gulf war, which will influence revenues from Egyptian labor abroad and Suez Canal revenues. Therefore, the scarcity of these kinds of revenues requires us all to search for an alternative to our foreign currency income so as to avoid a greater deficit in the balance of payments. The foreign currency income is directed by the government toward two things: investment in its various forms, be it retooling and modernization or expansion and new projects, and imports of production requirements and consumer goods.

In the face of this fact, our thinking will not go outside two areas. If the increase in revenues is a matter that has its limitations, traditional commodity exports or tourism will not be able to cover the projected deficit in 1 year. But we must start thinking from now on about augmenting them and relying on them for the future, for they are the mainstay of the future. The other matter is that we must examine the lists of imports, for investment imports are hard to cut because they are used to build production bases and all that is required to raise investment efficiency, and that the time factor must be seriously weighed by those who make the investments. On the other hand, who pushes the investments? Here, our way of thinking must be unconventional and we must not separate the public from the private. Agreements pushed by the government must be limited to their original role represented in infrastructure problems only, leaving all public and private production sectors to look for their own foreign currency revenues, either through exports and new markets--which are a matter of life and death but are not impossible--or through new forms of participation in existing projects, particularly since foreign currency bank accounts deposited in Egyptian banks by Egyptians working abroad amount to 10 billion and investment incentives must be found for these funds, which is not impossible either.

The second thing is for us to examine our production requirements and consumer commodity import lists. There is no doubt that the rate of increase in consumption is greater than the rate of production with regard to many commodities and that we consume many goods which we do not produce and are not necessary.

Examples of engineering goods are innumerable. We must take a good look at this huge number of imports, as we must take a good look at ourselves to reflect on our consumption patterns. Family members are responsible for the family's budget, for its spending, for its productivity, and for meeting its tax obligations. They are responsible for reporting tax evaders to the government. We have become accustomed to asking the government for too much and its economic tasks have become diversified and intertwined to the point where it is producing, selling, and importing, but not exporting!

Now more than ever, we demand that the government's economic role be clearly defined and outlined and the rest be left to individuals, regardless of their rate of contribution to the total amount of development investments.

This is not a cynical view but rather the truth, which must compel us to benefit from the situation and to avoid dangers before they occur. We have a great resource, people. We must know how to benefit from this human resource in invading the desert and the labor markets abroad and how to build its behavioral patterns so as to increase production and take charge of our own lives.

One last word: Unlimited importation during the last few years has ruined our currency and import activity has become the goal aspired to by all those who are seeking to get rich at the expense of the local population.

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EGYPT

ABILITY TO CHANGE SEEN ESSENTIAL TO ECONOMIC GROWTH

Cairo AL-AHRAM in Arabic 21 Feb 86 pp 7-8

[Interview with National Democratic Party Human Resources Committee Head Dr Sabri al-Shubrawi, by 'Abd-al-Rahman 'Aql: "Human Resources and the Management of the National Economy;" place and date not specified]

[Text] A "New Egyptian Man" is needed to guide the development and change taking place everywhere, because human beings are always capable of achieving change and development no matter how scarce the potentials and resources. Some countries have vast natural resources but have achieved no growth or development because their people are incapable of seizing opportunities, conceptualizing, or bringing about development. There are other countries whose people have been able to make use of their limited abilities and resources to achieve economic growth and social development. Out of all a country's economic resources, regardless of the nature of its economy or its resources and philosophy, human beings are, quite simply, the only element which possesses "the will to change."

However, this "human being capable of change," who in himself is a rare element among human resources, can ultimately be acquired through good education, first of all, and serious training after that. For this reason, Secretary General of the National Democratic Party, Deputy Prime Minister, and Minister of Agriculture Dr Yusuf Wali said, upon setting up a human resources development committee within the party chaired by American University Professor Dr Sabri al-Shubrawi, "In Egypt, human beings are a resource, and a comprehensive plan must be drawn up to utilize and train them, so they can compete on the international level in order to gain new economic ground, whether in the domestic or the foreign market. We are attempting to train this generation of leaders by strengthening their technological and vocational skills, since we must recognize that the progress of any political, economic or service organization is basically subject to the ideas and strategies of these organizations' leaders and their ability to promote the work ethic."

I asked Committee Head Dr Sabri al-Shubrawi, "What is the problem facing the development of manpower in Egypt? What are its pivotal issues? How do you think this problem can be eliminated so that the Egyptian economy can utilize its most important development resources?"

[Answer] The economic situation in any country is the result of "who runs" this economy, his philosophy, and his strategies. Some of the countries whose economies grew and developed after the Second World War had no economic capabilities, but developed nevertheless. On the other hand, there were some countries which had the resources, but whose economies did not grow significantly. Whichever the case, the result had to be due to the mentality of whoever was running and planning the national economy. It is human beings, therefore, who guide change, development and socio-economic growth.

Basically, the economy is built on human producers who provide services, management and supervision at the job level, and who change goals according to market dynamics, studies and the transfer of technology, and not on a bunch of unfathomable inputs and outputs. In socialist theory we find that the economy is laid out by planners who have goals, organizations, standards, and the technology which has enabled these countries to reach the moon. They have advanced technology. The same goes for capitalist society, and for collective societies such as France, which have reached this same point by means of a group of skilled persons managing these economies. Thus, human beings, in whatever political system, are capable of change.

[Question] As I see it, Egypt's problem is that it has neither "theory" nor "men of change." Theory and identity have gotten lost between socialism, capitalism, and a mixture of the two. The men who could make a change are unskilled, because of social conditions, the revolution, and the like. In the era of President Mubarak, who himself is calling for change, what course should be followed in managing the nation's economy?

[Answer] Egypt has passed through a whole set of circumstances governed by the philosophy of those managing the economy. In several stages, a group of private sector individuals were running the economy. However, in any given stage, when things are run by capitalists unable to make progress at the rate desired, there has to be professional managers. In economic history, this has happened in every country where "ownership" and "management" were different. In our society, the owners still run things and impose their philosophy, regardless of their abilities. The merchant is no longer a merchant, but has become a businessman. There is a big difference here, for the businessman of limited abilities does not do well in a more advanced phase, and the advanced businessman might not be the right man for a given phase, for he isolates himself until he can build up an organization which can grow. If we are to examine the Egyptian business sector, we must analyze the essence of the businessmen. Do they have a philosophy? A social responsibility towards the society? Do they keep growth in mind and contribute to it? How much do they spend on developing their manpower, and on research and university contacts in order to develop their products? Such points illustrate the philosophy of the businessmen. All over the world, businessmen always select the best personnel, regardless of family relationships. They always have a philosophy of progress and cross-cultural transfer for their societies, because they have a long-range philosophy. It is in their interest for growth to continue and for foreign markets to be opened up, because in the final analysis expansion and growth is in their interest. If we look at the business sector as another branch of the economy, as if the state owns most of it, for example, we find that the problem itself can be reduced to the same question: who is leading these organizations, how did they attain these leadership positions,

and what are their philosophies, potentials, and administrative capabilities? We have reached the stage where managing the national economy is a natural question, since whoever manages it is in a position to be able to manage other areas. Moving from one sector to another can be done quite easily, without knowing the circumstances differentiating one sector from another. This situation makes little sense in view of the world-wide belief, over the past 50 years, in specialization, development of managerial abilities, and the selection of managers according to definite, clear-cut standards. The revolution taking place in the world today is one being carried out by a class capable of coping with the change which prevails throughout society, even to the point of waging undeclared economic wars. We must prepare ourselves--as we did in the October 1973 war--by developing our capabilities through training and selecting qualified leaders, thereby leading to positive results. Unfortunately, we in the civilian sector have not benefitted from that experience, even though the civilian sector comes second to the military sector. If this sector does not grow as much as the military sector, then however strong it is, it will never be able to bring about an economic spurt. Therefore, the various units of economic society must be managed by men capable of guiding the process of change and who are skilled in all areas of business, instead of by persons who hold leadership positions as a reward and who lack any expertise in the areas they are leading. In our country's history, we have lost a war because the leaders were individuals who were incapable of leading, who believed in neither training and selecting leaders nor in any scientific values, and who were convinced that war was nothing but a series of demonstrations. The result was that we lost the war at a very high cost. Whoever manages the economy must be chosen on scientific bases in keeping with international levels of management skills. Otherwise, we will lose our ability to compete on a world-wide scale and therefore our ability to act on the world scene. The theory that we are a "self-sufficient nation" will come to naught unless we have a group capable of management and then the money to spend on developing this group, since it represents the basic factor in the process of change.

Such managers can be prepared by attracting and employing capable, skilled persons. However, some social ills still exist among us--not to mention the fact that expenditures on educating young Egyptians have not been put to good use by employing them in leadership positions. However, whenever such persons are nominated, they always run up against the objection that "they are small-time and no one knows them!" In other words, we are turning the positive values of world society into negative values in our own society. We need a strong, self-confident person receptive to science, capable of motivating people and getting them to make progress, who will spend money on training and administrative development over a period of several years--otherwise all this will lack direction. We find money being spent on persons the management wants to get rid of, or on persons who will never be put to practical use. The state should not run the training programs--the production organizations should finance them as part of their costs, and training should not be subsidized. Training should be a component of management technology, so that we can produce competitive goods capable of invading foreign markets. If this is not done the right way for the worker, who is the basis of production, then other problems will follow. Egyptian society's freedom to innovate

must be liberated. We should not fall back on needing someone to plan things and carry them out for us. There must be freedom to study the market and its needs, just as Korea and Taiwan have done; they have studied Arab markets' needs for textiles and various other goods and have begun production according to the needs of these markets. We have had no part in this. Even though Tutankhamon's treasures toured the world, we did not include any Egyptian products which could have been shown along with these exhibits. Young people all around the world study the market and hold leadership positions. All other countries are developing their capabilities, while we are killing our capabilities!

[Question] Based on our situation, which consists of limited capabilities and excessive government employment which is unproductive even when compared to other developing countries, what is the starting point for change?

[Answer] The managers responsible for the national economy must face facts: the work ethic is not keeping up with either the demands of daily life or with the times. That is to say, individuals must adhere to production standards. If we want to set up a housing project, we must design an integrated one which will have calculable results. Emphasis must be laid on the issue of development, which is the responsibility of those in production sites. We must have a higher standard of comparison, because it is the expectations of society which determine the shape of the future. Change is based on the belief that more can be done, on readiness, and on the achievement of a higher level of performance. The work ethic must be re-examined, analyzed and confronted. This is the beginning.

The next step is selection. There should be no promotions without internal training, even at the expense of production costs, and the candidate should pass through a series of screens so as to be selected on the basis of his skills. This is what is done in the military organizations, and is one of the reasons for their progress. We in the civilian sector have to imagine ourselves in a state of domestic war--a war of survival and economic growth. It must be understood that we are engaged in a war with ourselves and with the negative values of our society. Islam contains all the basis for production; why don't we use this religion as a motivating force?

[Question] On what aspects do self-confrontation and the new methods of management depend?

[Answer] On the work ethic, and on the selection of leaders who are capable of change and who have a definite work ethic, accountability, and skills. The wrongdoer should not be rewarded by being given a new position--this era must end.

[Question] In its present condition, the public sector comprises a great many workers whose skill we do not doubt, but there is still an obvious slackening in worker productivity. This sector has been governed by firm laws since the Sixties. We are convinced that the political administration is afraid to make any changes in the public sector. How can this new understanding of management be promoted in the presence of pre-conditions which cannot be developed without social upheaval because they are so firmly entrenched?

[Answer] We find similar conditions in Japan, for example, where a worker cannot be fired. However, the Japanese have values which we lack--a sense of belonging to an organization regardless of what one gets in return, and a firmly-established work ethic. We are confident in the abilities of the Egyptian Man, provided he is retrained and qualified and is dealt with on a patriotic footing according to specific guidelines.

[Question] What do you think of the claim that managers are frustrated, are unable to apply management theories because of the workers' low wages, and therefore do not think highly of the administration's directives?

[Answer] If the administration were more resolute, and a general trend towards national action existed, the Egyptian would be more loyal and giving. But we don't take anything seriously. There must be an example to influence people. Our hopes are still pinned on the Egyptian Man, but he must be re-trained both socially and industrially. The worker must first of all be urged to increase his productivity.

[Question] What part does organization play in management? It is said that the private sector has been very successful in its management, and that the public sector is concerned about the failure of its management. Even though we suggest the new idea that the public sector be a "business sector," it would still be managed by the same leaders and men, without any re-training, and therefore we would never reap any results.

[Answer] There must either be retraining, or new capabilities must be discovered. The private sector has faced many problems from being managed by unqualified capitalists. We need businessmen with international levels of technology and management skills--this is progress. This brings up the part which existing businessmen's societies can play in changing the society. It is said that change will come about through their money, not their management. No change can take place with money alone; capital is only one composite factor. We must seek a philosophy of management and leadership for scientific research and development and manpower development.

[Question] How can we institute sound, scientific management in all sectors, and how can we conceptualize the "beginning step?"

[Answer] First of all, leaders must be chosen to guide change, whether the capital is owned by the government or the private sector. We need professional, highly skilled managers, and they must be created.

Secondly, there must be a re-examination into whether work is being done precisely and in detail, from cleaning the factory to quality control to respect for working hours.

Third, emphasis must be placed on the innovative Egyptian mentality, which is capable of instituting reform and coming up with new ideas.

Fourth, organizations must keep pace with development. We have not reviewed many of the ministries for decades, which means that the general organization of the state must be re-examined.

Fifth, we must stop being afraid. We can bear the calculated risks. Without risk-taking there is no progress. If we had not taken the risks of the 1973 war, we would never have achieved that great victory.

In the final analysis, Egypt has no problem getting money; in general, its problem is one of management. If the bankers don't take risks, they will never move the money they hold, and the market will be subject to recession even though the banks have a high degree of financial fluidity.

8559

CSO: 4504/218

EGYPT

IRRIGATION MINISTER INTERVIEWED ON WATER SITUATION

Cairo AL-AHRAM in Arabic 31 Jan 86 p 7

[Interview with Engineer 'Isam Radi by Usamah Saraya in Cairo: "Egypt's Water Supply Enough To Reclaim 1 Million Feddans"; date not specified]

[Text] Water is the blood of economic life. It is more valuable than energy, and although God has favored Egypt with the Nile and an abundance of water, this does not mean that we should lose sight of its importance for continued economic growth. Many facts have come to light as a result of the drop in the Nile water supply during past drought years, facts that must not be overlooked amid the Nile water's return to previous levels, thus eliminating any hardships in obtaining sufficient amounts of water.

Engineer 'Isam Radi, minister of irrigation, disclosed several important facts about water, the Nile, and the High Dam. The first fact is that, notwithstanding the importance of water and the Nile, the government will not sell water to farmers. There are other ways to rationalize water in order to save 5 billion cubic meters for land reclamation projects. He put the supply Egypt receives from the Nile at 55.5 billion cubic meters and said that Egypt maintains special relations with the Nile basin countries with a view to improving water consumption, strengthening relations with the Nile artery countries, and improving the situation with Sudan and the future of the Jonglei Canal.

The minister of irrigation outlined the basic link between the future of agricultural expansion and the need for water rationalization. He talked about plans to develop the Nile's course, about our new water resources, and about the side effects of the High Dam and plans to counteract them!

He answered the important question about the reason for the drop in the water supply and about the problems that cause water shortages in all types of farming.

[Question] Is the water supply enough for Egypt and for population growth? Is there a waste of Nile water and what are the rates of consumption?

[Answer] Let us rephrase the question about our present and future water supply and consumption.

I can say that available water supplies, from the end of the current 5-year plan up to the end of the year 2000, and parallel consumption for the same period will be as follows: water supplies in Egypt will amount to 61.3 billion cubic meters in July 1987, while consumption will reach 60.4 billion cubic meters. In other words, available supplies will amount to 0.9 billion cubic meters. In July 1993, our supply will rise to 69.8 billion cubic meters and consumption will reach 62.1 billion cubic meters, which means an available supply of 7.7 billion cubic meters. In the year 2000, the supply will reach 73.9 billion cubic meters, consumption will amount to 64.6 billion cubic meters, and the available supply for horizontal expansion will amount to 9.3 billion cubic meters. This shows that the water supply is enough for our consumption and, therefore, agricultural expansion will depend on the rationalization of consumption.

All studies and research show that Nile water use efficiency is no higher than 50 percent, a low level which, through rationalization, better networks, and a sophisticated irrigation system, can be raised to 65 percent, thus realizing a saving of 5 billion cubic meters a year.

This is the Ministry of Irrigation's plan, which it is hoped can be realized by the year 2000.

[Question] Does the Ministry of Irrigation plan to sell water to farmers and how will the cost be computed to figure out farming and production costs?

[Answer] The Ministry of Irrigation does not plan to sell water to farmers. All the ministry asks the farmers and all popular agencies to do is to conserve water in any way they can.

[Question] What can you tell us about our relations with Sudan?

[Answer] There is a joint authority between Egypt and Sudan called the Nile Water Authority which meets periodically in Khartoum and Cairo each. There are also joint hydrometeorological studies of all Nile basin countries and the ministry is seeking to establish an authority or an organization of all Nile basin countries along the lines of the organization of Mekong River countries, which is visibly active in the development of all countries of the Mekong River.

[Question] What about the Jonglei Canal? Is it essential for us or for Sudan?

[Answer] This is one of the important projects for finding additional water supplies for Egypt and Sudan. The project mainly calls for building a canal across the Sudd area in southern Sudan to channel the water coming from the equatorial area and al-Zaraf Lake instead of being wasted in the swamps. Studies show that an average of 30 billion cubic meters of water flow into the dams area, most of which is lost through evaporation and seepage and only 15 billion of which reach the White Nile. This canal will provide about 4 billion cubic meters in its first stage and 7.5 billion at the completion of the second stage and this amount will be divided equally between Egypt and Sudan. The first stage was supposed to have been completed in 1985, but due to political circumstances in southern Sudan, this project has been put on hold. It is not known when work on it will resume.

[Question] With regard to land reclamation, does our problem lie in water supplies and irrigation?

[Answer] The definite thing of which we must be aware is the link between land reclamation and rationalization of water. Land reclamation is the hope of every Egyptian because this is the way to close the gap between agricultural production and foodstuffs and the growing rate of consumption. However, sweet hopes do not make us oblivious of the fact that further reclamation requires new water resources and that our total water supply is limited. Therefore, reclamation and expansion plans must be consistent with savings in current water consumption through rationalization, modern irrigation methods, and water recycling and with Upper Nile projects that can be worked out with Nile basin countries. The table below shows water supplies and consumption as well as the land reclamation program based on the difference between consumption and supply. This is in addition to about 700,000 feddans which can be reclaimed through treated sewage water and ground water in the Western Desert.

TABLE

Date	Available Supplies	Consumption	Available for Expansion	Amount Expansion
July 1987	63.3	60.4	0.9	90,000 feddans
July 1998	69.8	62.1	7.7	1.1 million feddans
Year 2000	73.9	64.6	9.3	1.7 million feddans

[Question] Are there plans to develop the course of the Nile? How can the river be utilized in agriculture, for the economic development; for the development of tourism.

[Answer] Yes, there is a study to get such a project underway to keep up with recent changes in the tourist and navigational fleet and to fulfill the critical need for turning the area into a tourist attraction. The project simply calls for building up a first-class navigation channel within the course of the Nile while modernizing all industrial operations on it to keep up with the growth of the navigational fleet and to make good use, whenever possible, of waterfalls in power generation. This is in addition to the main objective of agriculture.

[Question] Is the Ministry of Irrigation the ministry of the Nile alone? Why are other water sources not used to meet the requirements for expansion?

[Answer] This is the general impression because a look at our water resources shows that our main and most important source is the Nile. Even our ground water resources in the Nile valley and the Delta originate from the Nile. Figures show that available supplies for the year 1987 will amount to 61.3 billion cubic meters of Nile water, in addition to over 1 billion cubic meters of rain-water on the northern shore, Sinai, and the ground reservoir in the Western Desert. In other words, water resources outside the Nile comprise no more than 2 percent of the total water supply.

[Question] Is it the fault of the High Dam or is it because a number of projects have not been completed so as to avoid the side effects of the dam.

[Answer] By any standard the High Dam is a lofty edifice of the Egyptian economy. Suffice it to say that the dam paid for itself in 1 year and its many benefits have been a blessings to all Egyptians. Its side effects, which were anticipated at the time of its design, do not detract from its importance and we are dealing with them according to their importance. All past and future costs of such side effects are negligible when compared to the huge benefits of this gigantic project, keeping in mind that these side effects occur slowly over the years and are handled at exactly the right time.

[Question] Regarding the Ministry of Irrigation's relationship with agricultural producers, why not restore the old and deep-rooted relations with farmers so that irrigation experts may advise producers?

[Answer] Such relations do exist and are deep-rooted. However, overall developments in every field, from the division of land ownership to the change of crops to the quality of farmers to the huge increase in the number of farmers, have rendered this relationship ambiguous. At any rate, the ministry is thinking of developing and strengthening this relationship through creating irrigation organizations comprising the farmers themselves. Contacts are underway to identify irrigation supervisors and advisors to be the link between the producers and irrigation engineers at the district level.

[Question] What is Egypt's share of the Nile waters?

[Answer] This share is determined by the Nile water agreement, which gives Egypt 55.5 billion out of an average of 85 billion cubic meters of the Nile supply at Aswan.

[Question] Are there future plans to change the irrigation system of the old land?

[Answer] There are no plans to effect a change in the full sense of the word. However, there is a national plan to develop the irrigation system aimed primarily at an adequate and timely distribution of water supplies for the various crops in an efficient and economic way.

[Question] Is Egypt lagging behind in irrigation research after a long history in this area?

[Answer] Not at all. We have a pioneering school in organized and uninterrupted irrigation systems and we now have an adequate research center that follows up and organizes research and development for all irrigation and drainage operations.

[Question] Why do farmers complain of water shortages when we have full control of the amount and level of water that flows into the Nile?

[Answer] There is a difference between water shortage and a failure to channel the water. Farmers complain not because of a water shortage but because water is not channeled to their fields. How can we have a shortage when we have a

sufficient reserve in the High Dam lake? The question, therefore, concerns the failure to channel water to the fields, which is actually due to the lack of cooperation among the farmers. It is a known fact that the irrigation network begins in Aswan and the Nile branches out into main canals, then large tributaries, and then small tributaries. This is a huge network over 30,000 km long. The Ministry of Irrigation is responsible for this network's maintenance and preservation, but there is another part represented in private irrigation ditches which draw their water from public canals. These private ditches are the responsibility of the farmers themselves and if they neglect to dredge their own canal, the system gets clogged up, hence the complaints. The ministry, for its part, dredges these private ditches at the request of the concerned parties or the agricultural society, provided that the farmers cover the dredging costs.

12502/7051

CSO: 4504/208

EGYPT

CENSORSHIP OF ARABIAN NIGHTS REVISITED

Cairo AL-AHRAM in Arabic 3 Feb 86 p 20

[Commentary by Anis Mansur in the "Positions" column]

[Text] We do not know what to say to foreign scholars when they ask why "The Arabian Nights" was seized, it being an old, historical book that has been in circulation among the people for hundreds of years. What happened? What was new that invoked fear for society because of it? Had something shameful been added to the editions on the market? Will "The Arabian Nights" be the first on a list of banned books of ancient and modern Arabic literature? Will that lead to the seizure of the collected works of the great poets because of the beautiful, moving love poetry that is in them?

Finally, the court has ordered the release of the popular book, in whose compilation countless literary men had participated, and which emerged in the form in which we know it in the 16th century and which was then translated into European languages. Popular poets in Egypt have taken from it stories of heroism and moral and political exhortations. In 1837 "The Arabian Nights" came out on the government press in Bulaq, then the Jesuit Fathers published it in Beirut in 1888, and there have been hundreds of printings in dozens of languages.

The court's ruling was a judgment upon the court itself. The ruling came as an indication of the expanding horizons of the Egyptian judge, the depth of his vision, and his comprehensive wisdom. The Egyptian judge said that this book is historical, and that no one could intend sedition or the corruption of the people by it.

The words coming out are not intended in and of themselves, and a person must try hard to come across them. On this occasion, I remember that the American censor confiscated the novel "Lady Chatterly's Lover" by the English novelist D. H. Lawrence.

He also confiscated the novel "Lolita" by the Russian-American author Nabokov. A group of lawyers was formed which said: The Bible is found in every home and by the bedside of every girl; in it are unexpurgated stories, but the intention of this Bible cannot be to corrupt the people and force them to abandon the religion!

But what can reasonably be said is that these stories came because of moral, historical wisdom, and the court ruled on behalf of literature, fine arts, and artists' freedom of expression, as long as the aim is not to corrupt the people. Thank you, judges of Egypt.

EGYPT

BRIEFS

JORDANIAN-PALESTINIAN RECONCILIATION--Cairo, 23 Feb (MENA)--AL-AHRAM emphasizes that King Husayn's decision to suspend coordination with the PLO does not mean that he has completely closed the door to dialogue with the PLO; it only means the end of cooperation with PLO Executive Committee Chairman Yasir 'Arafat. In its Monday commentary, the paper states that this situation undoubtedly makes it more incumbent upon the Arab states to understand the difficulties that have now surfaced between Jordan and the PLO. These states are also obliged to participate in efforts to eliminate these difficulties in order to propel the peace process to its conclusion in a way that will achieve the legitimate goals of the Palestinian people. The paper then says that above anything else these efforts must concentrate on reconciling and coordinating the Jordanian and Palestinian positions. The paper adds that the first thing to do is to look to the future and to find ways to narrow the gap instead of feeling haunted by what has happened. [Text] [Cairo MENA in Arabic 2212 GMT 23 Feb 86 NC] /6662

TOURISM COUNCIL DECISIONS--Cairo, March 10 (MENA)--The Higher Council for Tourism recommended at its meeting today under Prime Minister Dr Ali Lutfi, developing airports and simplifying procedures inside them. The council agreed that the Ministries of Tourism and Transport establish tourist centers on the main highways, especially the Cairo-Alexandria Desert Road, that will include gasoline stations, car service and cafeterias, the Secretary General of the Cabinet Ahmad Radwan said. The council also approved the exemption of the tourist projects from the commitment to buy housing bonds and agreed to allow the foreign tourist to get out of the country with whatever quantity of tourist cheques, he added. [Text] [Cairo MENA in English 1625 GMT 10 Mar 86 NC] /6662

DIPLOMAT DISCUSSES LEBANESE SITUATION--Cairo, 10 Mar (MENA)--Muhammad Nuhad 'Asqalani, head of the Egyptian interests section in Lebanon, has asserted that Egypt is in continuous contact with all the Lebanese parties, and that it is doing its best to help solve the Lebanese problem. He added that Egypt is anxious to do what it can without making propaganda; its main concern is to see peace, security, and stability return to Lebanon. In an interview with Lebanon's MONDAY MORNING magazine, published today, 'Asqalani said that Egypt is fully convinced that only the Lebanese, not any foreign state or power, can find a solution for Lebanon. He added that only by peaceful

methods and political dialogue will the desired end be achieved. Mr 'Asqalani pointed out that Egypt had recalled its ambassador from Israel due to the Israeli devastation of Lebanon. He said that Egypt had made the return of its ambassador conditional upon a complete Israeli withdrawal from Lebanon. He stated that this is one of the firm principles of Egyptian policy toward Lebanon, and stressed that Egypt loses no opportunity to raise the question of Israeli withdrawal from south Lebanon with Israeli officials. [Text]
[Cairo MENA in Arabic 1020 GMT 10 Mar 86 NC] /6662

AL-AHRAM COMMENTS ON HUSAYN SPEECH--In an editorial, AL-AHRAM notes: Following the comprehensive speech which Jordan's King Husayn delivered on Wednesday, we must intensify our efforts to close our ranks again and to save the Arab initiative represented by the Jordanian-Palestinian agreement. The paper adds: Egypt will continue its work to bring the Jordanian and Palestinian viewpoints closer together, and to coordinate with them in order to arrive at an honorable formula for a just and lasting peace. AL-AHRAM concludes by pointing out: All Arab countries have an obligation to make sincere efforts for reconciliation, and not for alienation or discord. Time will no longer tolerate the Arabs continued disarray and division into communities and tribes. [From the press review] [Text] [Cairo Domestic Service in Arabic 0520 GMT 22 Feb 86 NC] /6662

CSO: 4500/95

27 March 1986

LIBYA

LIBYAN, USSR STUDENT DELEGATION ISSUE STATEMENT

LD091325 Tripoli JANA in Arabic 1020 GMT 9 Mar 86

[Text] Tripoli 9 Mar JANA--The Student Council of the USSR and the General Educational People's Congress of the Jamahiriyah's universities praised the firm path of the Socialist People's Libyan Arab Jamahiriyah and the leader of the revolution, Colonel Mu'ammarr al-Qadhdhafi, in its confrontation against U.S. provocations and arrogance.

The council and the congress affirmed, in a joint statement issued in Tripoli yesterday after a visit which a delegation from the council paid to the Jamahiriyah, the right of the Libyan Arab people to defend its territorial waters. The statement condemned the policy of the U.S. Administration and its allies in NATO.

The statement condemned the racist measures of the U.S. Administration against Libyan Arab students who are studying in the United States, which prevented them from continuing their studies.

The statement also condemned the hostile measures which the U.S. Administration undertook to freeze the Libyan Arab assets.

The two sides condemned the French-U.S. intervention in the affair of the Chadian people. The students affirmed their support for the struggle of the Chadian people in its confrontation with colonialist and imperialist ambitions.

The two parties renewed their support for the struggle of the Palestinian Arab people, and for reuniting the Palestinian resistance under the leadership of the PLO, the legitimate and sole representative of the Palestinian people.

The two sides condemned the capitulatory plans existing in the Arab region, which are in essence against the interests of the Arab nation and the ambitions of its people.

The two sides affirmed their contribution in the struggle of youth and students for freedom and independence against the new colonialism, imperialism, Zionism, racism, fascism, and reaction within the ranks of the international youth and student movement. The statement expressed satisfaction with the development of relations of friendship and cooperation between the Jamahiriyah and the Soviet Union.

/6662

CSO: 4500/96

LIBYA

ACHIEVEMENTS IN SERVICE SECTORS IN GHADAMIS REVIEWED

Tripoli AL-JAMAHIRIYAH in Arabic 13 Dec 85 pp 12, 13

[Article: "Revolutionary Committees in Ghadamis"]

[Text] As a result of decisions made by the masses in the people's congresses to devote attention to areas in the interior and to their priorities in implementing production and service projects in all sectors, the pertinent people's committees have untiringly translated these decisions and transformed them into tangible accomplishments of which the people can be proud. They serve as a lesson for people all over the world on how to exploit the resources they possess in order to undertake the greatest and most magnificent development projects in the world. These projects, by which people are turned from consumers into producers, confirm their freedom and independence and prove that this revolution has come for people all over the world. It came to them in deserts and mountaintops, turning them into green land which will provide reassurance to people who were once poor shadows.

Ghadamis is one municipality of the Jamahiriyah which has reached an advanced level of accomplishments. It is starting to turn into one of the most modern cities and includes the most sophisticated factories and the most splendid agricultural projects. This has changed the balance in all countries of the world. It is flight from the cities to the interior areas, just as people once used to flee their villages and their countrysides in search of life in the cities.

This is the true revolution, one which means change, following the discovery of mistakes and errors, in order to strike a proper balance and to establish ideal ways of doing things, which all the governments which claim that they are producers are unable to do.

In order to get a clearer picture, we had a meeting with the secretary of the People's Committee for Planning and Economy in the municipality of Ghadamis so that he could give us the facts and figures about the economic and service projects in this municipality. This is his account.

The philosophy and goals of the 1981-85 transformation plan of the municipality of Ghadamis proceeds from the philosophy and goals of the Jamahiriyah's transformation plan. One of the main goals of the Ghadamis

municipality's plan was to turn attention to agriculture in order to provide food for the citizens. This attention was embodied in the completion of municipality agricultural projects (in al-Ruways, Badr, Takut, al-Baridah, Dirj, and Ghadamis), the al-Harrabah grazing lands project, hothouse farming projects, and soil and water studies. It also included the establishment of poultry and cattle raising stations (under a central contract), the establishment of veterinary clinics and quarantine stations, agricultural societies, grain and fodder silos, and the establishment of an agricultural training center. The plan has also devoted attention to the field of light industries by establishing traditional and light industry centers in branches of the municipality and by training necessary technical cadres to operate these industrial centers.

Despite the many difficulties facing the sector during the implementation of the 1981-85 transformation program, many of the programs were completed. These included a date palm center in Ghadamis. They also included the improvement of the water supply there as well as the completion of the Badr, al-Ruways and al-Baridah projects (excluding the service villages), a 1-hectare hothouse under a central contract, five fodder silos, two agricultural society centers in Tiji and al-Jush, and an agricultural workshop in Takut. The total cost of these projects was 9,185,133 Libyan dinars [LD].

Industries

In this sector a light industries center was completed in Nalut, in addition to the carpet section, and the cutting and sewing section was turned over to the National Clothing Company, where the monthly production rate reached 4,500 Arab-style suits per month. The goal is 60,000 Arab-style suits per year.

Light industry centers costing LD919,567 were completed in al-Ruways and Ghadamis, and this sector is expected to complete construction of the rest of the centers in Tiji and al-Jush. We hope that they will be contracted for. Moreover, there are training courses in the field of cutting and sewing in various branches of the municipality, in addition to the training and production centers in Kabaw and al-Jush and the improvement of the date drying plant. A suggestion has been made for industrial projects which will be implemented.

The Economy

Despite the difficulties facing the sector, represented by rapid movement in a short period of time to eliminate the phenomenon of trade, the sector was able to implement a number of projects totaling LD43,117.

Housing

A number of projects were implemented, represented by 863 housing units, 3 administrative buildings, and utilities for some scientific units, all costing a total of LD2,013,316. The sector is expected to complete 66 other housing units and an administrative building at the end of the plan for a total cost of LD3,794,397.

Electricity

The amount of power generated from the municipality's power stations rose to 15 megawatts; moreover, the area has been covered with high tension (66 kilovolt) grids and a super high tension (220 kilovolt) grid; the 66 kilovolt lines reached a total of approximately 450 kilometers, while the length of the 220 kilovolts lines reached approximately 100 kilometers. In addition, eight 11/66 kilovolt generating stations and a new 11/66/220 generating station in al-Ruways were completed. Also, the intermediate tension (11 kilovolts) lines reached a distance of approximately 3,000 kilometers. The power generating sector has clearly been able to make considerable gains, since capacity rose from 12.4 megawatts to 15 megawatts during the first 4 years of the plan. This is very close to the power generating goal to be achieved by the end of the 1981-85 plan.

Communications

There were great efforts in this sector, inasmuch as it was able to complete a number of projects, such as 175.6 kilometers of main roads under central contracts, 184.127 kilometers of agricultural roads and secondary roads, and a post office building and weather station in Nalut costing approximately LD374,372. Before the plan is completed, the sector is expected to finish building the Nalut-Wazin-Tamazain-Mujabirah road, a post office building in Ghadamis, and a link with Awlad Mahmud. The total cost of these four [as published] projects will amount to LD14,400,570. It is perhaps worth noting that the sector has been able to carry out most of the plan's programs.

Utilities

In response to the pressing desire of the citizens to meet their requirements in the way of services in the utilities sector in such specific areas as drinking water, sewage, and rain water drainage, and the rest of the other projects, the utilities sector has been able to carry out many of its projects, for a total cost of LD13,605,436. The sector is also expected to complete another group of projects before the end of 1985.

Health

The Ghadamis hospital was completed under a central contract worth LD3,500,000, and 33 housing units for doctors were completed under a LD342,512 contract. Village hospitals are nearing completion in al-Harrabah and Kabaw for a total of 60 beds. Work is now under way to build 10 apartment units to serve as living quarters for doctors.

General Services

This sector was able to complete a fully-equipped vocational training center in Nalut for such specializations as electricity, general mechanics, tinsmithing, metalworking, and welding. The total cost was approximately LD210,000 for the buildings, in addition to the equipment and machinery, which were purchased under a central contract.

This is in addition to vocational and occupational training for 353 citizens, since the sector was able to train and qualify 97 women students in the field of typing and secretarial work. They have since taken jobs in various people's sectors. A branch of the National Institute for Administration was opened, and 61 women students are currently undergoing occupational training there. In another area, 65 trainees were graduated in the automobile mechanics, general electricity, welding, and refrigeration and air conditioning trades. Thirty-three citizens were also trained as second and third class vehicle drivers. The sector is training 67 other tradesmen in the aforementioned fields. There is also another driving course in which there are 30 trainees. Training programs were also held in Ghadamis and al-Jush and al-Harrabah.

Education

The sector was able to hold 182 classes at all levels of education, excluding kindergarten. In addition, a boarding section in Nalut, an educational warehouse in Ghadamis, and quarters for teachers in Nalut were completed. The total cost of these projects was LD10,284,572.

It is worth noting that during the 1984-85 academic year the number of students totaled 16,172, and there were 720 classes at all levels of education. The total number of teachers was 1,407, and work is under way to establish a vocational school in Ghadamis and Nalut.

Information Services

A cultural center is now being built in Kabaw, under a central contract. An auditorium has been completed in Nalut and lending centers have been built in various branches of the municipality. This is due to the efforts of the secretariat of the People's Committee for Information Services in the municipality. Since this secretariat is still new, it is hoped that programs will be established to provide better services to the citizens in the municipality in various fields.

Athletics

The sector has been able to complete a youth center in Ghadamis and two stadiums, under a central contract, in Ghadamis and Nalut as well as two public fields in Badr and Kabaw. It is expected that work will be completed on three other fields as a consolidated unit, while the rest of the projects contracted for are expected to be completed before the end of 1985. If that is achieved, that sector will have achieved its goals for the 1981-85 plan.

6945

CSO: 4504/144

LIBYA

BRIEFS

TWINNING OF TRIPOLI, RABAT--Rabat, Jumada Atani 29, Mar 11 JAMAHIRIYAH NEWS AGENCY--Today a celebration was held in sisterly Morocco for the occasion of twinning both Rabat city and the city of Tripoli in the Socialist People's Libyan Arab Jamahiriya. A festival was held on this occasion and was attended by the secretary of the people's committee of Tripoli's municipality and Omar Ben Shilti the mayor of Rabat. During the celebration a document, for the sisterly binding of both cities, was signed. The document also included the strengthening of cultural, scientific and touristic links between them apart from establishing direct links and circular meetings for the consolidation of the sisterly bond of the two cities for this twinning is seen as another block built in the structure of the two countries' union. [Except] [Tripoli JANA in English 1900 GMT 11 Mar 86 LD] /6662

CSO: 4500/96

MOROCCO

TAX OFFICIALS SPEAK OUT ON IMPENDING CHANGES

Casablanca MAROC SOIR in French 31 Jan 86 pp 1-3

[Interviews with Alaoui Mdaghri Mohamed, finance inspector and tax director, and Tazi Mohamed, finance inspector and head of the Division of Turnover Taxes, by Ouadrassi; date and place not given]

[Text] Talk of the value-added tax, commonly known as the TVA, is on all lips, even before it goes into effect in April. Everyone speaks of it freely, but in his own way, sometimes -- if not always -- without having first read the texts instituting it or discussing it with those knowing something about it.

Prominent or even outstanding among the latter are Alaoui Mdaghri Mohamed, finance inspector and director of taxes, and Tazi Mohamed, finance inspector and head of the Turnover Tax (TCA) Division.

It is not easy to contact these two officials at the present time, not because they are unapproachable -- their offices are indeed open to everyone -- but because they are in the midst of a campaign to explain the TVA.

This campaign has taken them throughout Morocco. They definitely do a great deal of talking, but what they like above all is to speak in answer to questions. The following are ours:

[Question] Is this new system of taxes, the TVA, to cite it by name, not copied from Europe, because the members of the EEC in particular have [rest of question deleted]

[Mdaghri] I would say on that subject that any tax system evolves toward modernity, meaning simplicity and efficiency. But what is modern? The general income tax, with respect to individuals, the tax on corporations, a tax on consumption and another on added value. This is the normal evolution of all tax systems. Naturally, the TVA is a European invention at the outset. It is beginning to spread beyond Europe. However, I would like to emphasize, as far as Morocco is concerned, that we were not far from the TVA. For example, our system of the tax on products and services is much closer to the TVA than the old Spanish system. The Spaniards had to make a substantial change in structure in the system they had previous to 1 January 1986, in order to turn

it into the TVA. In contrast, we, as far as the production sector is concerned, have had a TVA for a long time, except in name. Why is this so? Because the turnover taxes were reformed in 1961 and since that time, we have moved closer and closer to the TVA.

[Question] We already have it on paper and we shall have it in fact in April. What will be the fate of taxes still in effect now?

[Mdaghri] I have spoken of two of them: the taxes on products and the one on services. They will be combined into a single tax to be called the TVA. I am taking advantage of this opportunity to say that the TVA is not a new tax. It is a new name that takes the place of two other taxes whose names will disappear.

[Question] The names will disappear, but what will be the fate of their content? Will they remain unchanged? Will they be modified? In a word, what comparison can one make between the old and new systems?

[Tazi] The word "comparison" implies differences, among other things. One of the important differences between the two taxes is that the turnover tax affects producers, entrepreneurs, importers and -- pay close attention -- wholesale merchants on an optional basis. The TVA is necessarily applied to wholesalers. There is no longer any option; it is required. The second difference is that the TCA is a tax combining system. There is consequently no more tax on services, which is cumulative, or any tax on products, which allows for a limited collection system. There is but one tax: the TVA, which is levied on production, wholesale distribution, imports and service operations in general. The third difference is the notion of the deduction that is now generalized. Under the old TCA system, deductions were limited. Under the TVA, they are generalized, with specific exclusions designated by law. There is a fourth difference and that is the reduction in rates. You know that at the present time, regarding the turnover tax, there is a whole range of rates, 11 practically speaking: the increased rate of 30 percent, the normal rate of 19, the reduced rate of 12, the reduced rate of 11.25, the reduced rate of 9, the reduced rate of 8, the reduced rate of 7, of 6.38, 4.17, and so on.

[Question] But now there will be only five under the TVA, is that not correct?

[Tazi] Yes. There is the maximum rate of 30 percent, which does not change. There is the normal rate of 19, which does not change. There is the rate of 14 on real estate projects. There is the rate of 12 on tourism, banking operations and the liberal professions, and there is the reduced rate of 7 on energy, fuel, transportation and consumer products. Here, one must emphasize that there is a much broader range of exemptions. All of what we might call basic consumer products are in fact exempted.

[Question] Let us get back to the comparison between the TCA and the TVA.

[Tazi] I see only one more, the fifth, which is the taxpayers' guarantee, the relations between the government and taxpayers. There is a whole procedure for

the TVA and that procedure was passed by the legislature within an overall framework. It must in fact be applied when there is a reform of corporate taxes and the advent of the general income tax.

[Question] But that is another story. Let us stick to the TVA. Mr Mdaghri, you attended meetings in Parliament whose agenda had but one item: the added-value tax. I know that the original text was amended. Can you tell us to what extent?

[Mdaghri] That is true. The initial text underwent modifications on several points. To give you an idea, I would say that there have been over 200 amendments, over 50 percent of which were retained. These amendments had to do with the rate, tax base and the taxpayers' guarantees. Regarding the rate, there is a certain number of products whose rate was set in the bill at 19 or 12 percent, but which figure was changed by Parliament either to 12 for those previously at 19 or to 0 for those previously at 12. I would cite, by way of example, rice, whose rate changed, and real estate projects, whose rate dropped from 19 to 14. But what I wish to emphasize is that the order provides for the exemption of a certain number of essential products, particularly bread, noodles, semolina, couscous, regular and high-quality flour, leavening, milk, butter, sugar, processed dates, dry figs, household soaps, fresh fish and meats, methylated spirits, olive oil, all agricultural products, agricultural equipment and so on.

[Question] Mr Tazi, do you not find that the rules of play are somewhat confusing: from 19 to 12, from 12 to 0, and 11.25 becomes who knows what. How are taxpayers supposed to understand it all?

[Tazi] I believe that it is not as confusing as you seem to think. Actually, there has been no radical change from the current situation, at least regarding the normal rate. And it is from that normal rate, 19 percent, that everything else is derived. That 19 percent, the rate of the TVA, is lower than the current 19 because of the notion of generalized deductions. When you apply the rate of 19 percent to the level of production or to imports, let us say, there are no generalized reductions, which means that in the end, you pay more than 19 percent. With the TVA, we have generalized deductions, meaning that everything taxed in a previous phase must be deducted from the production, import or distribution phase, depending on which sector one is in. The result is that the actual tax is lower than the current rate of 19 percent for the TCA and that consequently, there is in fact a reduction in tax pressure on nearly all products, inasmuch as the normal rate of 19 percent involves the majority of all manufactured products.

[Question] Could you go into more detail?

[Tazi] Let us say that under the TVA, you make fabrics. You are subject to the 19-percent rate. But from that 19 percent, you recover the taxes you paid when you made your investment. You also regain the taxes you paid in buying thread, dye and all the input or intermediary products used in making your fabrics. You pay only the difference to the Treasury. That is the notion of the value-added tax, meaning that the tax affects only what has been added at that stage. With the turnover tax, which is going to disappear, deductions

are limited because you do not deduct all of your investment. You are told to deduct only a portion of it, that which has contributed to production directly. Let me give you an example. You have a factory. You do not deduct the office building, transport, office equipment, nor do you deduct all of the expenses for electricity or water. With regard to consumption, you do not deduct all raw materials that enter into the finished product. Finally, you do not deduct your small tools and spare parts. What is the result of this lack of deductions? The result is higher prices because it all has to be financed. Therefore, with the turnover tax, you do not have this transparency of prices and the tax does not play its neutral role. Regarding the TVA, the fabric manufacturer will deduct everything and pay only 19 percent. Consequently, his cost price will go down because there is a reduction in tax pressure. This drop will normally help the consumer. As soon as the government gives up a tax in order to encourage consumption and production, let us say, that drop in pressure should help the public because the producer is but a tax collector, in this case.

[Question] So far, you have spoken of the normal rate of 19 percent. What about the other rates, that of 30 percent, for example?

[Tazi] That is the increased rate affecting a list of products that has not changed, the so-called luxury products. In other words, these are not products bought by everyone. For example, furs should not be taxed in the same way as shirts or suits. That is the difference between the normal 19-percent rate levied on nearly all products and the higher rate of 30, which affects luxury items. Take France, for example, where ordinary cars pay the high rate of 33 to 44 percent. In Morocco, only big cars, the high-powered vehicles, pay the top rate of 30 percent. In my opinion, the maximum rate should only affect luxury items, those which have a connotation of luxury, such as furs and big automobiles, as I have just said, yachts, silk, alcoholic beverages, and so on.

[Question] Mr Mdaghri, you have just heard Mr Tazi speak of the TVA and the drop in tax pressure and, consequently, prices. But one joke says that TVA actually stands for "Everything is going to go up" [Tout Va Augmenter]. What is your opinion?

[Mdaghri] You said yourself that it is a joke; that says everything. And yet, we are trying to show that it is the opposite of an increase that should occur or, at worst, that the status quo will remain. I do mean at worst because the opposite should occur. The TVA costs the public treasury. The generalized deductions cost money, the lag costs money, as does keeping the nominal rates instead of the actual rates. Persons in the sector, the deputies with whom we have spoken have understood that the TVA does cost money and that it is the government that has to bear the cost.

[Question] Agreed, the TVA does cost money, but it should lead to savings compared with the two taxes it replaces, if only because of the massive paper work avoided. You must have made calculations along these lines.

[Mdaghri] That is not totally so. Let us say that the TVA replaces two twin taxes. The same form was used for the declaration. There was not one for the

tax on products and another for the tax on services. But as far as the bookkeeping is concerned, the methods of accounting are totally different. The tax on products is deductible while that on services is not. There are complications that the plurality of rates aggravated terribly. There were 11 rates, while with the TVA, there are only 5: 30, which already existed, as did the 19, 14, taking the place of 11.25, the 12 and the 7.

[Tazi] If you would permit, I would like to add that the TVA is not a system that will have a more economical administration than the TPS [tax on services]. I am referring to procedure. One must not forget a very important aspect of the TVA, which concerns the guarantee of the taxpayers and the procedure to be followed. Here indeed, the new method of work, the different nuances in procedures, will have a relatively high cost.

[Question] I know that the TVA is of a relatively high cost. But is that why it has been called inflationary?

[Mdaghri] It is not at all inflationary. We have a rather special TVA. Why? Because, I shall never grow tired of repeating, we are partially in the TVA until 1 April and shall have our own TVA after that, because the European TVA extends to retailers. The retailers here will not be affected. It is not a simple matter to extend the TVA to retailers. We have kept it solely for wholesalers and producers in order not to have an increase in prices. One has but to glance at the text to know that any increase has been abandoned. The rate of 30 percent has remained that, the rate of 19 has not changed, and so on.

[Question] Why then do they speak of the deregulation of trade in the Moroccan General Economic Confederation (CGEM)? After all, when you say "deregulation," you say "higher prices."

[Mdaghri] I see no deregulation. I have spoken with the members of the CGEM. It had been said that the wholesalers would bear more; very good. Let us look at the situation. Today -- and we cannot ignore this -- a large share of the economy in the hands of the wholesalers is already subject to the tax on products and services. There are in fact many establishments which give the bill to those who buy products from them. In other words, they are subject to the TPS. For them, there is no change or any increase. On the contrary; there is relief through the generalization of reductions. According to our figures, those establishments represent a large share of the economy, within the framework of wholesale, semi-wholesale and even retail trade. In the current system, there are in fact retailers who opted for the TPS in order to enable their customers to have deductions because when an investor buys equipment, he goes where he wants the products or equipment he needs, meaning from a wholesaler or retailer.

In order for him to take advantage of the tax deduction, his supplier must be subject to the TPS and that is the case; they are optionally liable. Our calculations show that nearly 40 to 50 percent of the economy falls into that category, which means that these persons, who represent 40 to 50 percent of the country's supplies, will have no change in their situation. For the others,

there is a slight increase in prices of food wholesalers. Here, I would emphasize that many food products are not affected by the TVA and are exempt from it. Others have had a reduction in the rate, which is the case of oil and pharmaceutical products. I do not see how, with a lower tax and greater deductions, one can obtain a price increase! There are certain cases in which we -- that is, the law -- require wholesalers to draw up the invoice and to figure the tax, but at the same time, this gives them the right to deductions. This means that in the worst of cases, the increase would represent the rate of taxes multiplied by the margin. Now then, the wholesalers, according to what they say -- not always verified by our findings -- have rather small margins. But I shall take what they say: Their rather low margin, multiplied by the rate, which gives us at most an increase of 1.5 to 2 points. But that increase is largely eaten up by the deduction on the TVA concerning discount charges and financial costs and by the deduction relating to general expenses, transport and handling. When one figures it all up, one finds that things are sometimes identical or even that there has been a reduction. As for the increase, it can scarcely go beyond half a point or a point at the very highest. As I said, these people represent 40 to 50 percent of the economy. We are, after all, in a liberal country in which there is competition. I hope that the buyer, given the same commodities, will go to the person who offers the best price. And many of those people are already organized and are paying the TPS.

[Question] You have just spoken of competition. Billing and the bills will perhaps help do away with unfair competition and to moralize....

[Mdaghri] I would interrupt you to say that those people are forgetting one thing: Billing is required, with or without the TVA. It is required by commercial law, which has existed long before the TVA. Billing is a commercial obligation. Today, anyone not using invoicing runs the risk of administrative sanctions. When price inspectors come, for example, the first thing they want to see is the invoice. The TVA has added nothing new here. It reminds people that if they want to have deductions, then they have to present their invoices. Now, an individual with no invoice will not have the right to any deduction. In this way, it causes people to get them. Price inspections force them to have them. The TVA merely encourages them to have them.

[Question] Encouraging them to have them is perhaps a euphemism insofar as the TVA cannot be conceived of without bookkeeping. Would you then agree with the formula: TVA = having bookkeeping?

[Mdaghri] The TVA = bookkeeping; that is perhaps an oversimplification. I personally believe in the formula: commerce = having bookkeeping. When one buys and sells, one has bookkeeping. We are in a Muslim country in which the zakat exists. At the end of the year of the Hegira, the people do their calculations in order to set the amount of the zakat they will have to pay. Furthermore, I have seen many grocers who have had all their bookkeeping in a little notebook, even a school notebook. And yet, people sometimes like to say, when the tax collectors come, that bookkeeping is complicated, that it is the work of an accountant. On that subject and regarding the wholesaler, there is nothing simpler than the TVA and its bookkeeping. The latter can be

summed up as entering purchases and sales and justifying them. We ask for nothing more. There is a receipt for the electricity we pay for, the commodities we buy. And when we sell, there are bills. That is all. We put it all in a notebook and find, on both sides, I would not say the results of the business, but above all, the rules of the deductions on all purchases.

[Question] Incidentally, you have spoken of the zakat. Is it deductible from the TVA in one way or another?

[Mdaghri] There is a problem here. When we speak of tax deductions, we mean the tax paid based on the invoice and not the total amount of the expenditure. For example, a wholesale merchant orders products carried on an ONT [National Transportation Office] truck. He pays the cost of transport plus 7 percent on those costs. It is that 7 percent that is deductible, not the amount of the transport. The zakat is therefore not deductible from the TVA, just as the price of the goods is not deductible from the TVA. But the 7 percent on the transport service is deductible. The zakat is not [line deleted?] to the TVA and consequently, there is no deduction for it.

[Question] I see. Based on the meeting you held in Rabat with the Chamber of Commerce and Industry and the one you had with the accountants, I believe that you did not say the same thing....

[Mdaghri] You know, we have only one hat; we do not have three. Having said that much, I would say that the level of my talks with the accountants was different from that of those I had with the merchants. But the quality and sincerity were the same in both cases. In fact, we discussed the same figures. However, with the accountants, we talked in terms of tax procedures and with the merchants, it was in terms of commercial relations. With the wholesalers, we spoke of particular cases: of supplies, billing, deduction methods in particular. Let me explain. In the case of a purchase invoice showing one tax amount and a sales receipt showing another tax amount, we had to explain how one reconciles the tax collected from the customer and the one paid by the consumer. With the accountants, we talked of checks, auditing, and so on.

[Question] Let us leave the checks and audits and go to the reduction, which is deserving of a little more attention.

[Mdaghri] I do not object. Here is how it works, in sum. A wholesaler buys a suit from a factory. He pays 100,000 centimes for it, the price, plus the TVA, at the normal rate of 19 percent, which means that he ends up paying 119,000 for it. There is a profit margin of 10 percent, meaning that he will sell the suit for 110,000, plus the 19 percent for the TVA, or 20,900 centimes or a total of 130,900. He has consequently pocketed 20,900 from the retailer, but he has already paid 19,000 to the factory. He owes the treasury 20,900 - 19,000, or 1,900 centimes, unless he has other deductions. It is not so difficult.

[Question] Perhaps. But I still think about the water and the electricity. Under the TPS, they were 6.38 percent. Under the TVA, they climb to 7. They logically have to go up, right?

[Mdaghri] Logically speaking, they would. But there is a commitment on the part of the minister of finance plus a government commitment that the overall, prices, including all taxes, should not change. That is also the case of hydrocarbons.

[Question] But not of the cafes and restaurants, which have suffered an increase in rates? Will they not raise their prices?

[Mdaghri] There is definitely a change in these cases. Cafes and restaurants were paying 12 percent, but without any deduction. They now pay 19. But they will be able to deduct from that rate the tax they paid on the products they bought. This means that their production cost will be much lower because nearly all the products they buy are about 19. One could thus find that in their case, 19 is lower than 12!

[Question] If that is so, I do not understand why some products, particularly those which had their rates lowered, do not come down a little. Can one dream or hope?

[Mdaghri] We hope to see them come down. Furthermore, I have heard -- and this is not official -- that given the fact that some products have had a reduction in rates, as in the case of tea, which goes from 12 to 7, or even be eliminated, as in the case of butter, which goes from 12 to 0, it is strange that their prices have not come down.

[Question] It would especially be strange if price inspections were not stepped up, but that is beyond our power.

[Mdaghri] Price inspections still exist; it is something already instituted here in Morocco. I believe that they are mainly the result of abuses. In my opinion, people should understand the system and make their own calculations. There is no increase and there is no reason to increase.

[Question] Is the motto you have given to your employees "New Training for New Work"? What have you done to "train" your TVA officials?

[Mdaghri] I expected that question. The training of officials in TVA techniques was started a few months before the presentation of the bill to Parliament. We are also in the process of putting the final touches on a circular that should be published at the end of February or beginning of March, meaning before the enforcement of the TVA. Our training operation involved nearly 300 inspectors. Above all, they will have the circular of which I spoke. That circular will be published and made available to everyone. All those interested will find it at bookstores and newspaper stands. It will not be kept secret because in taxes, there are no secrets. Only people with something to hide have secrets. We have nothing to hide here.

[Question] You forgot the provisions for application.

[Mdaghri] But without mentioning them, it is obvious that without them, nothing can be done. You know that the text of the TVA came out on 1 January 1986. Orders and decrees will be published as soon as they come out of the Cabinet.

[Question] What will become of the old litigation from the time of the TPS?

[Mdaghri] We will do everything possible so that such litigation is done away with. We are at the service of the people. They have but to present their proof. I wish to emphasize that litigation is but an epiphenomenon. The big problem is that certain persons never want to pay easily. As far as we are concerned, we explain their rights and obligations to the people.

[Question] What are the rights of the wholesalers? What will they pay?

[Mdaghri] If you wish, we shall begin by defining the wholesaler. Who is he? According to the texts on the TVA, meaning in terms of taxes, a wholesaler is any merchant who has a turnover of over 3 million dirhams and who sells to retailers. That is the first category. The second category is made up of merchants who call themselves wholesalers. The members of these two categories must make monthly declarations of their turnover. They must also say how much they have paid in taxes, how much they have passed on to their customers and pay the difference to the Treasury, if there is any.

[Question] The TVA text also speaks of a quarterly statement, right?

[Tazi] The declaration is made every month or quarter, depending on turnover. The law says that if one has a turnover of under 1 million dirhams, one makes a quarterly declaration. On the other hand, if one has a turnover of over 1 million dirhams, one makes a monthly declaration. The definition of the wholesaler presumes that he has achieved a turnover of 3 million dirhams. Consequently, he must make a monthly declaration.

[Question] These are people who count their turnover in dirhams. Will those figuring in centimes be on the same footing?

[Mdaghri] I believe that you are speaking of the craftsmen, of the minor trades. All those with under 1 million centimes a month -- 12 a year -- are not affected by the TVA.

[Question] How will you proceed in order to determine whether they make over a million or under that figure?

[Mdaghri] The craft guilds will give us a list of craftsmen who do not earn over a million centimes a month.

[Question] They constitute a category of persons who might well neglect to issue bills or to keep books. I say this for a specific purpose, to wit: You referred, when speaking to the merchants of Rabat meeting in the Chamber of Commerce, to those who went bankrupt because they kept no books.

[Mdaghri] I can assure you, on this subject, that in many cases, both my aides and myself have told people: "Be careful; your business is not going well." Why? Because without knowing it, they are either disorganized or have theft or have sold at a price different from what they should have charged. I do not say that the people have thanked us, but there are some who recognize

that we have put our finger on their business in order to say: "Be careful, this or that is not going well!"

[Question] Very well. In other words, as far as the TVA is concerned, everything is nearly ready. You have spoken of the essential elements or nearly essential elements. I say "nearly" because the aspect of the guarantee of taxpayers was touched upon only in passing by Mr Tazi in the beginning. We shall therefore ask him for more details.

[Tazi] Actually, I did not go into great detail on the taxpayers' guarantee. There is a whole procedure to be followed here and this procedure has brought about a change in both the local and central committees. The local committees will be headed by a judge. Regarding the national tax appeal committee, one should point out that it is no longer under the Ministry of Finance, being now placed under the direct authority of the prime minister. It is set up as a subcommittee headed by judges. Inasmuch as the rights and obligations of everyone are known in advance, it will almost be automatic.

A procedure is needed and the latter depends on the issuance of the tax. This is very important. If there is a dispute at the outset and if both sides: the administration and the taxpayer, do not agree on the tax, the latter will not be set until the local committee, headed by a judge, rules and the national appeals committee rules. Furthermore, the decision of the national committee is not without appeal. It may come before the courts, which marks progress compared with the current situation. Other progress can be seen in procedural time limitations, which have been extended. Notification periods have also been extended and there are punishments on both sides.

If the administration does not respect its obligations, then the sanction is that its claims are not well-founded. They are null and void and can go no further. In addition, if the taxpayer does not respect his obligations, he cannot take full advantage of his guarantees.

[Question] The taxpayers definitely have greater guarantees, with the texts on the TVA, but the sanctions are also stronger. That is normal. My question is this: Will all this help -- I will not say do away with, because more than sanctions would be needed -- relieve the extent of tax evasion?

[Mdaghri] We hope so. Inspections and audits force people to practice something. The value added tax causes people to be punctual. When the merchants are forced to be on time, then we believe that a group of them will be and we hope that that group will be the majority.

11,464
CSO: 4519/72

MOROCCO

BRIEFS

POSSIBLE THAW IN ALGERIAN-MOROCCAN RELATIONS--Contrary to what some informed circles in the West mentioned about a summit that was held between the Libyan and Algerian presidents last week, Morocco had previous knowledge of this summit; for the Libyan Foreign Minister, 'Ali 'Abd al-Salam al-Turayki, sent king Hassan II a draft of the topics included in the summit's agenda, before it was held. In its last edition, AL-HAWADITH alluded to the summit date drawing near. It is probable that the "thawing" between Tripoli and Algiers will lead to other conciliatory steps between Morocco and Algeria. [Text] London AL-HAWADITH in Arabic 7 Feb 86 p 8] AL-TADAMUN has learned from a reliable Moroccan source that Mohamed Hadj Yala, Algerian Minister of the Interior, wanted to express his regrets to his Moroccan counterpart because he was not able to attend meetings of the 4th session of the Arab Interior Ministers Conference that was held in Casablanca last week. The source added that the Algerian minister stated his regrets in a telegram; in short, that he would have attended this session's activities, if it had not been for his being occupied with commitments in the country which prevented him from doing so. Algeria had participated in a conference with a delegation in which officials in the Ministry of the Interior headed. The source noted that the telegram is considered an indication of the approaching relaxation of relations between the two countries. [Text] [London AL-TADAMUN in Arabic 8-14 Feb 86 p 8]

CSO: 4504/226

TUNISIA

DEFENSE MINISTER INSTALLS NATIONAL SERVICE CHIEF

Tunis LA PRESSE DE TUNISIE in French 3 Jan 86 p 5

[Text] National Defense Minister Slaheddine Baly, representing President Habib Bourguiba, supreme commander of the armed forces, yesterday installed Col Mohsen Boudaya as chief of the National Service Directorate in ceremonies at the El Aouina military base.

During the ceremonies, which were attended by several high-ranking officers of the National Army, Mr Baly handed Colonel Boudaya the national flag, symbolizing his assumption of command of the National Service Directorate.

The national defense minister then presided over a work session during which he was briefed on the activities of that directorate and on the progress of plans which the National Army is carrying out in certain areas of the country as its contribution to the national development.

In this regard Mr Baly gave instructions concerning the completion of these projects within the established time limits while still maintaining the quality of the work.

Still at El Aouina base, the minister inspected the center for aeronautical medical expertise, whose mission is medical supervision of aviators.

At the Bardo barracks Slaheddine Baly, on behalf of the chief of state, installed Col Ahmed Naaman as head of the Physical Education and Military Sports Directorate.

On this occasion the minister attended a parade of soldiers assigned to this directorate.

Later he presided over a work session during which he emphasized the need to give more emphasis to military sports, to better prepare the military to represent both military sports and national sports in general, as it should.

He also stressed the need to discover and train new talents so that they may take their place within the national sports elite.

8735/8309
CSO: 4519/45

TUNISIA

OPPOSITION PARTIES SAID TO LACK DYNAMISM

Tunis REALITES in French 7 Feb 86 pp 9-11

[Article by Moncef Ben M'Rad and Taieb Zahar: "Where Has the Opposition Gone?"]

[Text] Apart from the publication of communiques, motions, and a few meetings held here and there, the opposition parties seem to be nonexistent. We are a long way from the legislative elections of 1981 during which the MDS [Movement of Socialist Democrats] drew crowds, organized meetings, and presented itself as the alternative party. We are far from the activities of the other opposition parties who, at the same time and for some time afterwards, infused a real dynamism into the country's political life, and from the main leaders who appeared on television and had a strong appeal to audiences. Something has gone wrong. The opposition parties seem to have adopted the policy of the snail which has withdrawn into its shell until the storm has passed. What are the reasons for this wait and see attitude and especially what are its consequences on Tunisia's political life?

The Break of 1981

Everyone remembers the well-known declaration by Ahmed Mestiri about the irregularity of the legislative elections. The opposition parties thought that they would finally be represented in the national assembly and that a democratic era was about to be inaugurated. The staff of these parties were persuaded that a democratic process would be begun and that the political scene would change. But the results had the effect of a cold shower because the opposition parties won a negligible portion of the votes. Ahmed Mestiri, who certainly has a high popularity rating, won a few thousand votes! After anger came confusion. The opposition political leaders who had believed in a democratic contest felt themselves betrayed, and "hard-line" advocates were confirmed in their conviction, namely that the government was not yet mature enough to accept the rules of the democratic game, and that the masquerade of the elections was the proof of the naivete or lack of maturity of the parties and men who took part.

Divisions

Thus the elections of 1981 will have had as their main outcome internal divisions within the opposition political parties. On the one hand, the Popular Unity Party repeated that its abstention during the legislative elections was justified a posteriori, and on the other the MDS and the Communist Party

were torn by strife, and a major internal debate began concerning the intentions of the government and its capacity to accept substantial changes in the running of the country's affairs. The story is told that on one occasion a party's activists openly criticized their secretary general for having named over the telephone a certain number of activists who had signed a petition. He was told that the Communist Party could not have confidence in the government, and that the latter, by means of wiretaps, was in a position to apprehend these activists. On the same level, some MDS members from the country's interior reproached their leadership for having believed in the regime's democratic promises; as a matter of fact, right after the elections some activists were arbitrarily transferred or harassed at their work because they had made their position known publicly during the election campaign. These divisions which disturbed the opposition parties even made themselves felt at the top. Even the Islamic Tendency Movement underwent a split with the emergence of the Islamic Revolutionary Party which was drawn towards clandestine activities.

Intimidation

Everyone knows that the opposition parties did not benefit from normal circumstances in continuing their activities. As a matter of fact, premises were closed, cadres transferred, newspapers seized or suspended, and all kinds of pressure, mainly outside the capital, sometimes resulted in a degree of paralysis and a sort of nonparticipation. If one adds to this the small financial means of these parties, one comes to the conclusion that a sort of disenchantment and absence of public activity characterizes the Tunisian opposition. It is therefore impossible to conceive of an opposition that could organize and take its place in national life under these conditions, especially since television is a monopoly of the party in power.

Leadership

Another dimension of the problem must not be ignored, to wit that the joint meetings of the leaders of the opposition parties have been unable to work out a joint strategy. First of all, the programs are not the same, for one has difficulty imagining the MTI [Islamic Tendency Movement] getting along with the Communist Party or the MDS. Apart from this, Ahmed Mestiri's party does not see itself as being on a par with the Socialist Rally which has recently appeared on the political scene. This lack of proportion between forces, and this voluntarist cohabitation have eroded the opposition's image and resulted in a very dangerous leveling at the grass roots. All these factors give the impression that the opposition parties are going through a period of retreat and questioning. A university teacher added that "public opinion has no precise picture of these parties because their programs or the outlines of their programs sometimes overlap in an astonishing way. The MUP [Popular Unity Movement], PUP [Popular Unity Party], PCT [Tunisian Communist Party], and the Socialist Rally stand for more or less the same policies, while the MDS [Movement of Socialist Democrats] follows a liberal line, some traces of which one finds with the PSD [Destourian Socialist Party]."

But are the opposition parties really absent from the political scene at a time when attention is focused on the conflict between the UGTT [Tunisian General Federation of Labor] and the government?

The Parties Speak

Belhaj Amor, secretary general of the PUP stated that "in Tunisia, the opposition is in its early stages, which means that we cannot hazard premature assessments. Especially since during the last few years we have been living in a party state situation. If one adds to this constraints placed on the opposition such as a ban on organizing meetings and the muzzling of its information organizations, we have the impression that the opposition has reached its own limits."

Mohamed Harmel, secretary general of the PCT, thinks that the question of the paralysis of the opposition is "misconstrued and even runs the risk of confirming the tendency to want to shunt the opposition aside and therefore to promote passivity in the country, not because the opposition is sufficiently dynamic but because the opposition is simply the organized expression of public opinion." Because of this, the secretary general of the Communist Party relativizes the situation; but he does not hide the opposition's deficiencies and declared that "of course, there are insufficiencies and many things remain to be done, but what has been accomplished is also very important, such as the meeting organized after the Israeli raid. To underestimate the work accomplished by the opposition leads to its being pushed aside with the aim of achieving a not so innocent goal."

But whereas Harmel speaks diplomatically, others say it more plainly. Thus Hayder confided to us that the Popular Unity Movement "had chosen democratic opposition, which implies rules for the game. Today we observe that this system is not operative and sole responsibility for the fact lies with the government which has cheated and no longer respects the laws which, however, it itself established."

Another leader from the Movement of Socialist Democrats added in the same vein that "what appears to be the paralysis of the opposition is the result of a certain number of weaknesses but is especially due to the fact that there is a crisis in the legal opposition caused by the attitude of the government."

From all these observations, it appears that some leaders in the legal opposition believe that the present obstructed political situation promotes the emergence of clandestine, violent movements which, disappointed with the attempt at bringing democracy to the country's life, threaten to undermine the foundation of Tunisian civilian society.

9824

CSO: 4519/71

TUNISIA

ISLAMIC DEVELOPMENT BANK GRANTS GENEROUS LOANS

Tunis LE TEMPS in French 5 Feb 86 p 2

[Text] During a ceremony held yesterday at the Plans Ministry, Ismail Khelil, the plans minister, and Dr Ahmed Mohamed Ali, president of the Islamic Development Bank [IDB], signed an agreement for a loan to finance a number of projects under the joint rural development program.

By virtue of this agreement, the IDB offers Tunisia loans on the order of 8.6 million Tunisian dinars to finance certain operations relating to forage and equipment for deep wells, as part of the overall rural development program.

At the ceremony, Mr Khelil underscored the importance of this agreement, which concerns an avant-garde program and confers absolute priority on advancement of rural areas in the hope of easing regional disparities at both the economic and the social levels.

Mr Khelil pointed out that this overall rural program, which will be extended over a period of several years, has to do with making the most of existing natural resources in the rural areas, increasing production, and creating job opportunities and increasing incomes for the people in these areas.

The minister explained that this program is also designed to improve living conditions for the population through providing the necessary minimum of social amenities -- basic infrastructures and housing -- in the rural areas targeted.

The minister noted that this program has brought feasibility to the dream President Bourguiba has cherished since the dawn of independence: to help the rural areas move ahead and to improve living standards for their citizens, particularly the poorest among them.

Mr Khelil pointed out that this program will involve 215 rural areas scattered across the country, and consists of a cluster of combined units, dealing on one side in production operations such as drilling wells, improving irrigated fields, planting fruit trees, and teaching up-to-date animal husbandry, and on the other

with basic structures and improvements in living conditions such as drinking-water supplies, electrification, improvements in rural roads and construction of farm tracks, plus construction of housing and social and medical centers.

Mr Khelil expressed delight at the cooperation now in effect between Tunisia and the Islamic Development Bank, which has contributed to the financing of 34 projects amounting to a total of \$260 million.

The Tunisian Plans minister was clearly pleased at the favorable comment on the joint rural development program has evoked in a number of friendly brother countries, and in development financing institutions.

In addition to the IDB, he noted, the Arab Fund for Economic and Social Development, the Saudi Development Fund, the Kuwaiti and African Development Banks have agreed to contribute funding to the program totaling 160 million dinars, about 45 percent of the total cost, estimated at 355 Tunisian dinars.

Dr Mohammed Ali noted that funds provided by the IDB were put to exemplary use, and had a tonic effect on numerous industrial and commercial activities.

IDB's president underscored the efforts put forth by the Islamic institution to provide money for strengthening ties of cooperation and trade among the Islamic member states.

He voiced the Islamic Bank's readiness to fund any project for cooperation between Tunisia and any other Islamic state, specifying that one of the Bank's missions is to work for closer relations among Muslim countries.

6182

CS0: 4519/65

TUNISIA

MINISTER OF ECONOMY DISCUSSES EFFECTS OF LOWER OIL PRICES

Tunis REALITES in French 7 Feb 86 p 18

[Interview with Rachid Sfar, Tunisian minister of the economy, by Taieb Zahar; date and place not given]

[Text] [Question] What will be the deficit which Tunisia will have to recoup as a result of the fall in oil prices on the world market?

[Answer] We know that to this point, our country's energy balance sheet shows a surplus. Thus for 1986, a total hydrocarbon (oil and gas) production of approximately 6 million tons is expected and internal consumption of approximately 4 million tons; i.e., an estimated surplus of 2 million tons.

Thus the energy sector, and especially oil, is making a substantial contribution to offsetting the instability in the balance of trade, and to financing the state budget. Consequently, the shortfall to be made up resulting from the drop in the price of oil is twofold, and affects the external and internal financial stability of the country.

Basing oneself, therefore, on an oil price of \$20 per barrel, which may be considered optimistic today, the deficit to be made up is approximately 60 million dinars for the balance of trade, and 30 million dinars for the state budget.

[Question] What have been the repercussions of this drop on the Tunisian economy?

[Answer] The drop in the price of oil on the world market has had a negative effect on the Tunisian economy. As a matter of fact, the provisions of the 1986 fiscal budget were drawn up on the basis of a price of \$26 per barrel (with a dollar at 0.8 dinars). Thus, the effect of this drop on our budget provisions is twofold: one has been to lower prices, and the other to lower the exchange rate for the dollar.

This situation has aggravated the difficulties our economy has been facing for several years because of the effect of the world economic crisis. To extricate ourselves, we have no other choice than to rely on ourselves to preserve what we have achieved, and to continue with the development of our country.

This is why we have constantly called on Tunisians to apply more discipline and austerity, which promote the development of our production potential so that we will be able to place on the world market products capable of competing with the products of other countries both in quality and in price.

At the same time, we have continued to call for the optimum use of our production capacities, particularly by the introduction of the two, three, and four work team system, and for a more rational approach to the administration of our available means.

In this regard, the promotion of exports constitutes the principal means of making the maximum reductions in the extent of the effects of the crisis, and of guaranteeing our ability to cope with financial factors outside the economy.

Substantial new encouragements favoring producers and exporters, particularly industrialists, were established to promote exports both under the last amendment of law 81-56 of 21 June 1981, and under the new law of 11 October 1985 relative to promoting investments in export industries, and as part of the finance bill for the 1986 administrative year.

[Question] Will the price of fuel drop in Tunisia?

[Answer] For countries that are net importers of oil, the decline in prices constitutes a gain which may be distributed in several ways, including an eventual drop in prices at the pumps. Prices in these countries are generally indexed to import prices.

For a country that is a net exporter of oil such as ours, the drop in prices constitutes rather a net loss for the country as a whole. In this context it would be paradoxical to further aggravate the country's external and internal financial problems by lowering the price of fuel which would result in reducing revenues for the national budget, and aggravating the deficit in the balance of trade and balance of payments.

Lowering fuel prices also goes against the policy of saving energy, and thereby threatens to increase the country's long-term dependence on energy.

9824

CS0: 4519/71

TUNISIA

AGREEMENT ON HEAT ENGINES SIGNED WITH ALGERIA, ITALY

Tunis LE TEMPS in French 10 Jan 86 p 2

[Excerpt] Mohamed Mzali presided over a solemn ceremony in the Palace of Government at the Casbah centered around the signing of an agreement for creation of the Maghreb Corporation for the Manufacture of Heat Engines (SAKMO). This corporation will be in charge of setting up the Tunisian-Algerian Factory for manufacturing diesel engines to be built at Sakiet Sidi Youssef.

The agreement was signed on Tunisia's behalf by Mohamed Sala Chebbi, PDG of SAKMO; for Algeria by Merad Boudla Mourad, DGA of the same corporation, and for the Italian side by Sergio Vaccari, president of the Lombardini Corporation which, after a call for international offers, was chosen to get the factory into operation.

Also present at the ceremony were Rachid Sfar, minister of the national economy; Nicolas Capria, Italian minister of foreign trade; Messaoud Ait Chaalal, Algerian ambassador in Tunis; Giandranco [sic] Farinelli, Italian ambassador in Tunis, as well as members of the administrative council of SAKMO, the governor of Kef and Mustapha Badreddine.

During the ceremony Mohamed Mzali indicated that this project will permit realization of a genuine technological transfer involving the manufacture of sophisticated elements of diesel engines. "Thus," he declared, "we will progress out of the assembly stage into those of mineral smelting and industrialization."

He pointed out that the Sakiet Sidi Youssef factory will employ 800 young people, of whom many are high technicians and engineers who have graduated from colleges and technical institutions.

Mohamed Mzali said that President Habib Bourguiba and President Chedli Bendjedid are personally watching the success of this enterprise so that it can be a model for others to follow, especially since it is the first of its kind to arise from the fraternal cooperation between Tunisia and Algeria.

In this regard he emphasized the existence of other enterprises where studies are being made, such as the white cement plant at Feriana, the brickyard at Nefta, the manufacturing complex for metal girders at Ghardimaou, etc.

Mohamed Mzali stated that this ceremony is another concrete example of Tunisian-Algerian cooperation and that it constitutes a new milestone in the building of the Arab Maghreb. He added that the choice of an Italian firm is witness to the solidarity of Maghreb-Italian cooperation and friendship.

In addition he welcomed to Tunisia the Italian minister of foreign trade, "in the person of whom," he said, "I welcome Mr Bettino Craxi, president of the Italian Council which insures that cooperation among Italy, Tunisia and Algeria will be fruitful and exemplary."

Mr Mzali expressed the hope that this complex will be finished by the end of 1987 and that its dedication in 1988 will be presided over by President Bourguiba and President Bendjedid, in the presence of the president of the Italian Republic or its head of government, indicating that this event will be another manifestation which will further strengthen the depth, solidarity and fruitfulness of the cooperation between these countries.

8735/8309

CSO: 4519/45

TUNISIA

TRANSPORT FEDERATIONS SIGN WAGE, PRODUCTIVITY AGREEMENT

Tunis LE TEMPS in French 12 Feb 86 p 2

[Article: "Wage Negotiations: First Agreement Linking Higher Salaries with Productivity"]

[Text] At his departmental office on Monday afternoon, minister of transport Mohamed Kraiem presided at the ceremony of the signing of an agreement between the two national transport federations (UGTT [Tunisian General Federation of Labor] and the UNTT [National Tunisian Workers Union]) on the one hand, and the National Transport Company, the National Rural and Interurban Transport Company, and the Tunis Metroleger Company on the other. The agreement called for salary increases for all transport agents and workers and an increase in production and improvement in productivity. According to the terms of the agreement, this improvement in productivity is to be achieved through a reduction in absenteeism (unauthorized absences, sick days, lateness), in equipment maintenance etc., and in a more general way, by reducing expenses. Wage increases for company agents will be paid in two instalments: a monthly bonus calculated on the basis of the assiduity of the agent, and another annual bonus determined according to the results of the effort that the agents put forth for improving productivity, increasing the business's revenues, and reducing expenses.

At the conclusion of the ceremony, Mohamed Kraiem expressed his satisfaction that such an agreement had been worked out, and said he was pleased with the tolerant and democratic spirit shown by the two union organizations (UGTT, UNTT), stressing that "this attitude in fact constitutes one of the traditions and virtues that are due to the Bourguiba government."

The minister of transport observed that the signing of this agreement provided proof that anything is possible through dialogue, understanding, and reasonableness, considering the fact that business in our country is not a means of exploitation but a means of administering wealth that is then equitably distributed to all who had contributed to its creation.

Kraiem added that the government had always honored its commitments, assuring his hearers that the reason for the crisis the country has gone through was not at all due to a refusal to improve the situation of workers, because the government remained prepared to remedy the situation based on improvements in production and productivity, and the continuity of work in the companies.

TUNISIA

OIL TANK FARM AT LA SKHIRA TO SERVE MEDITERRANEAN

Tunis DIALOGUE in French 3 Feb 86 p 40

[Article by Fethi Ben Farhat]

[Text] The port at La Skhira is bracing itself to debut as a "mini-Rotterdam" for petroleum products. Thanks to its felicitous geographical emplacement, this port can accommodate super-tankers year-'round.

Ever since 1973, Pantank B.V. International has been contemplating the feasibility of establishing an oil storage facility in the Mediterranean.

After an in-depth geographic survey, the selection fell on Tunisia, and its Skhira region in the Gulf of Gabes. This prudent choice was dictated by several factors, including its unique geographical location, and also the fact that tankers carrying black gold from the Gulf countries, the Red Sea, and the Black Sea must transit this region on their way to Western Europe, Africa, and America.

The port at La Skhira, very sheltered and very deep, can accommodate even giant tankers carrying as much as 150,000 tons of crude oil, to berth every day of the year.

Since Tunisia is an Arab country, this factor facilitated efforts to bring in brother countries interested in the design of the project.

The contract between The Netherlands' "Pantank International" and the Tunisian government was signed on 27 July 1983, after which the Tunisian government passed a law designating the region of La Skhira a "free zone" with major customs easements. Once the contract was signed, the PAKMED Corporation was formed to direct operations in Tunisia. The shares are distributed as follows:

--Pantank Incorporated: 47 percent

-- Arab Petroleum Investors Corporation: 20 percent

--Tunisian Petroleum Activities Enterprise: 5 percent

-- Tunisian-Saudi Investment and Development Company (STUSID)
20 percent

-- Tunisian-Kuwaiti Development Bank (BTKD): 7 percent.

Tunisian government officials, aware of the importance of this project and of the soundness of the Tunisian firms involved, have stipulated that certain portions of the work be entrusted to Tunisian contractors.

We can now report that the choice lit on Belgium's C and C Corporation for overall execution of the project.

Features of the Center

The tank farm at La Skhira was built on 30 hectares leased rent-free to Pakmed by the Tunisian government for a period of 50 years. In addition, the center will contain 40 tanks with capacities of 6,000 to 30,000 cubic meters of crude oil, while its ultimate capacity will come to 303,000 cubic meters, or 900,000 barrels.

The Saharan Pipeline Transportation Company (TRAPSA), active in this region of the Gulf of Gabes, will rent its storage farm at Pakmed, now that an agreement has been reached between the two companies. The center, originally built by Elf-Aquitaine during the fifties, will expand Pakmed's storage capacity.

It should be noted that this grandiose project that generated the installation of this major storage facility cost \$67.5 million.

One of the main factors making La Skhira "a mini-Rotterdam" is the influx of new elements that have taken over the oil market of recent years. Quite naturally, the industrial expansion of the Gabes area enabled them to export refined petroleum products as well as the crude oil which was their sole commodity a few years back. To match its storage centers at Rotterdam, Pantank came up with the idea of TAKMED to cut shipping costs, particularly for oil sold to the United States, and to replace a small portion of the business of the mother-company, PANTANK, Inc.

What with the various petroleum operations in which PAKMED is engaged, and its intention to expand its storage center to 500,000 square meters to enable it to receive petrochemical products from the Gulf countries, the company has already forged a solid reputation among the professionals in the black gold fields.

6182

CSO: 4519/65

27 March 1986

TUNISIA

BRIEFS

ARAB FUND LOAN --Tunisian President Habib Bourguiba welcomed Abd-Al-Latiff Yusuf Al-Hamad, president and general director of the Arab Fund for Economic and Social Assistance (FADES). On hand for the occasion were Mansour Skhiri and Ismail Khelif, Tunisia's minister for planning. At the conclusion of the interview, Abd-Al-Hatif Yusuf Al-Hamad said that he had leapt at the chance to visit Tunisia, where he has just signed a project for joint rural development, including a loan to finance it, because he was so eager to meet the Commander-in-Chief and tell him about this new agreement. Mr Al Hamad noted that the Chief of State had evidenced keen interest in rural area development and in striking a more equitable economic balance between the cities and the rural areas. Mr Hamad also made the point that the meeting afforded an opportunity to announce that the Arab Fund for Economic and Social Development (FADES) is interested in the development of Arab countries and especially in the sectors and/or regions most in need of investment. "The joint rural development project," Mr Al-Hamad added, "the agreement for which was signed on Friday, is a pilot project designed to provide practical implementation of FADES' goals." Mr Abd-al-Latiff Yusuf al Hamad expressed his esteem for the President, the government, and the people of Tunisia for their fruitful cooperation in achieving the goals of the fund and for providing still more solid bases for joint Arab action. At another point in the same audience, Mr Ismail Khelil delivered the greetings of the citizens and cadres of Nabeul Governorate, where he recently paid a working visit. [Tunis LE TEMPS in French 5 Feb 86 p 2] 6182.

FARM INVESTMENTS BOOMING -- Tunisia's Agency for Farm Investments (APIA) recently celebrated its third birthday by unveiling a truly unprecedented and quite remarkable record of success. During those 3 years, the agency has already chalked up some creditable results by assisting as midwife at the birth of a new generation of agricultural promoters, in addition to the start-up of new projects in the agricultural sector. Since January 1983, APIA has approved 449 projects costing a total of 148 million dinars. From modest beginnings, project approvals have increased at a gratifying pace from year to year. From 38 approvals granted in 1983, APIA has reached out to approve 282 in 1985, with 70 percent of them representing an overall investment on the order of 124 million dinars. The geographical distribution

of project approvals confers pride of place on the northern part of the country, with 63.8 percent of its projects approved, or 193 projects spread among the ten governorates in the North and total investment on the order of 100 million dinars. As for the beneficiaries, APIA reports with evident satisfaction the considerable growth in the numbers of young extension agents, up from two in 1983 to 27 in 1984 and 145 in 1985. In all, these young extension agents are 174 men strong, 30 percent of the entire corps. As for new jobs, APIA-approved projects will entail the creation of 10,000 new job-slots. This track record is the more heartening in that the average cost per APIA-generated job is estimated at 14,000 dinars, whereas that same job could cost as much as 60,000 dinars in the chemical industries sector or 30 million dinars in the machine industry. [Text][Tunis LE TEMPS in French 5 Feb 86 p 2] 6182

CSO: 4519/65

ISRAEL

EHUD BARAQ ON INTELLIGENCE ESTIMATES

Tel Aviv MA'ARAKHOT in Hebrew Mar-Apr 85 pp 2-5, 65

[Article by General Ehud Baraq, chief of military intelligence: "Issues in Intelligence Operation, 1985"]

[Text] The problem of the intelligence operation encompasses many issues. The following will deal with four of them: the problematics of advance warning in our security perception; the issue of investment in intelligence under shortage conditions and reductions in resources; the essence of intelligence estimation; and the relation between intelligence systems and the decision-making system and the process of decision-making.

Every one of these issues is profound and worthy of a broad, detailed discussion. Some of them are on the immediate agenda of the operations system, and some, in my opinion, are suitable for a comprehensive public or academic discussion. Moreover, close examination of these questions will prove that for some of them, there are no simple answers, there is no easy-to-execute solution, and we remain, it would appear, only with the questions, or almost with them alone, at the end of our discussion. But it seems to me that it is enough just to pose the questions for there is benefit gained in greater and deeper understanding of reality, which can reduce greatly the scope of possible errors which decision makers and agents face.

Advance Warning

Our sensitivity to the subject of advance warning (and the surprise which accompanies it when advance warning fails) is fed from several sources. In our collective conscience, advance warning is tied to general historical lessons (Pearl Harbor, Barbarossa, and so forth) to the national trauma, in some cases personal, of the 1973 Yom Kippur war, and at the same time also to tangible reality, which demands a daily response these days as well.

We are perhaps more sensitive to the advance warning issue than any other nation in the world, due to two reasons: One--which I do not wish to deal with at length--is the narrowness of the borders of our security on the strategic level. The second, which I would like to clarify somewhat, is the way in which our defense perception is based on advance warning.

Our security perception, which has at its center a small core of active duty military personnel, is partly based on the Air Force's ability, to a small extent on the ability of the navy, and also on ground forces which have been delegated responsibility for dealing with ongoing defense, with training units, and with being the first force for repelling an attack or for leading an attack. The principal mass of the force is in the reserve units. They must be trained on time and must comprise the principal decisive defending force. The actual ability to plan the first repulse and our regular deployment based on a small core force is a pre-condition of the capability of Israeli society and the Israeli economy to develop, and for all of us to conduct a normal way of life.

From this viewpoint, intelligence advance warning is in some sense the fulcrum of the entire philosophy. In the absence of advance warning capability it is impossible to conceive of any ability to carry on normal life in the State of Israel and at the same time to provide a complete and real response to the capability of the enemy armies. The solution to this equation appears simple: to build a political system which assures us a much longer advance warning period than is required in order to mobilize the reserve forces and to transport them to the fronts, or to deploy our forces at any moment so that we are able to respond not only to our estimation of the enemy's intentions, but rather also to the enemy's actual technical skills. In a certain sense, the second way is that which the Agranat Committee suggested, or at least hinted at, when it discussed the capability and intentions of the enemy. These two directions are quite problematic. To the best of my judgment the direction hinted at by the Agranat Committee, "Deploy your forces at any moment according to the technical capability of the enemy," constitutes, in our present condition --given the regular force which the enemy maintains, given his continual deployment at the front, and given his ability to move units with short advance warning, a response that it is not possible for us to execute. Providing a technical response to the technical threat would demand the regular, constant call up of central reserve regiments and would considerably interfere with our ability to develop and to carry on normal life.

Reality forces us to resume reliance on a combination of facts connected with the enemy's technical deployment, on understanding the entire context of reality, and on an estimation of his intentions. The first solution says, "Build yourselves an intelligence system that will unfailingly provide a longer advance warning than the time required to mobilize and deploy forces"; this solution, in my understanding, suffers from more difficult problems. A few of them I will detail as follows:

Advance warning against what? Powers and countries which have much larger security zones than we need only be warned of strategic attack. Due to the unique situation of the State of Israel not only an attack by a comprehensive Arab coalition, and not only an attack by one enemy country, Syria, for example, with its order of battle, but even a full order of battle attack on very limited targets, or even a limited attack with a small portion of the order of battle on a vital target such as the Hermon Ridge and the northern Golan Heights, or another target of this type, is of

first ranking strategic importance. We therefore also require advance warning of activities, the preparation for which is much more limited and smaller than preparation for total war. In addition, not only out of fear of strategic damage but also out of sensitivity to losses, smaller actions such as a successful (from their point of view) strike by terrorists on the coastal highway, or any successful attack of a hostile air force on a sensitive target within the State of Israel, are of much greater overall significance than the physical damage and loss of life which they cause.

The intelligence system thus must scan all threat levels at once, must be prepared to focus quickly on any area and at all levels at which threat is created, and to react within very short time factors, sometimes shorter in magnitude than time factors which are required by principal advance warning systems of other powers and of other countries. (An exception to this generalization would be advance warning of atomic war, which is a separate topic and is not relevant to our matters at hand.) This reality places a great burden on the role of the monitor and on reaction times of the intelligence system. An additional problem we regularly deal with is ensuring the depth of advance warning given the time constraints. Our capability to give advance warning today of an attack expected in a few days, or to determine that such action is not probable depends on several elements. Some of them are not within our control, and some of them are definitely within the control of the enemy, and are activated by him in order to prevent our giving advance warning, and the majority of these factors change with time.

What are these elements? First, the depth of collection coverage--we cover the enemy countries with the assistance of complex technological systems sensitive to all kinds of things, including failures, and in the majority of cases sensitive to weather; this creates great variation in the depth and capability of coverage given the time constraints in our principal coverage systems.

Second, there is the knowledge of the enemy. The enemy knows some of our coverage efforts, and he can translate this knowledge into preventive action which hinders or misleads, with the timing and scope that best suit him. It is sometimes difficult to understand what he is going to try to do, and at times to understand what he is doing, while he is doing it. Moreover, some of the Arab countries learned a lesson from the Yom Kippur War, which can be summed up as follows: surprise was a central factor in their practical achievements, but it was not great enough. In order to make an achievement of value, it is important to succeed in, or at least to exploit the change of creating an even greater surprise or more complete surprise than that which they achieved during Yom Kippur. This view can sometimes lead to a willingness to risk not completing preparations, especially those preparations that will necessarily be revealing, in order to exploit the chance of achieving complete surprise.

A third factor is actual overall readiness. Countries do not go to war just because their relative force is favorable or even because of "strategic balance" and opportunities. Usually they also require a reason and

perhaps even necessitating circumstances. Countries planning for war are likely to fill their strategic supply reserves and to prepare an infrastructure a long time prior to actually going to war. Therefore, in situations in which the question of advance warning is not hypothetical but rather concrete, and the situation of readiness is such that a large portion of the national strategic reserves (gasoline, blood supplies, gas masks, seeds, etc.) have been prepared (while in a more calm context they would serve as a telling sign) a large number of these things have long been done and no longer can aid in the concrete decision on whether a situation exists which indicates a war.

All of these components together lead to the fact that the range of advance warning, defined as the ability to determine how much time in advance we know with very high certainty that comprehensive enemy action is not likely, is a complex function which fluctuates critically according to time constraints and its depth changes daily. This reality does not allow for a "sure response" which is so definitive that we, with our present intelligence or with some additional investment in intelligence, can guarantee complete security, that we can provide advance warning of 5 days (or any other time span) before an overall attack.

This reality demands and even makes possible alertness, readiness, extreme sensitivity to nuances of changes in the overall situation, re-evaluation daily of the depth of advance warning that is correct for that day, and readiness, when one is unsure, to act under dire assumptions--and simply to issue the warning.

Absence of the capability to achieve definite security in the depth of the advance warning leads me to another topic: How much is required and suitable to invest in intelligence in order to prevent surprise?

The Investment in Intelligence

The intelligence system of the State of Israel employs thousands of people, and the cost to the State of Israel comes to tens of millions of dollars in various currencies yearly. This reality raises two questions. Is there a level of investment which would definitely guarantee the decision-makers against surprise? To the best of my knowledge there is no such level.

This response raises the opposite question: Is it worth investing in objects which do not shoot, when in any case, in the end, they can not prevent war and can not even guarantee advance warning?

Were we to stretch the scope of the intelligence system to the absurd, were we today to take up 20 to 30 percent of the defense budget and to demand to be given 40 or 50 percent of it in order to present a higher security level in our capability to give warning, there would be room for a legitimate question: Is there logic in building an intelligence system which provides security, even definite, definitive advance warning in time, when the cost would be cancellation of the possibility of acquiring tanks and airplanes. This is an embarrassing situation for advance warning

does not definitely prevent the enemy from actually going to war, and God forbid we should find ourselves in a situation where we know a war is coming, but the price of this knowledge in budget and personnel resources has prevented us from having what is necessary to fight. This degree of absurdity would of course take the question off the agenda. In our present situation we are very far from reaching this absurdity. In percentage terms, less than the fingers of one hand are required to describe the portion of resources actively invested in the intelligence network from the defense budget, and with all the intelligence system's requirements, it still would not exceed the percentage of numbers of fingers on one hand.

Meanwhile, the priority of the intelligence network exists, is recognized, and I hope very much that it does not dwindle. With regard to the intelligence network, its value or its absence, much like one's health, is felt only when it is gone. It is very difficult, almost impossible, to stick a price tag on knowledge or on information collection which will bring about the timely, correct estimation of the possibility of a major attack, when the absence of such might cause a surprise.

Under our conditions, in view of the reductions, which demand not only that fat be cut, but also among other things, that force components in general be trimmed, and particularly some of the force components that are available for immediate action, it is vital that the advantage which exists in the area of intelligence be preserved and maintained in order to prevent a realization of the surprise, and if not to prevent it definitely, at least to reduce to a minimum the danger that such a surprise could be achieved.

The reason for our inability to invest in an intelligence system which would in the end bring the security of complete immunity against failure stems not only from the limitations which have been described above, which involve mainly the capability of the collection system and the nature and behavior of the enemy, but also from the inability to rely on advance warning because of inherent limitations in human capabilities and assessment. These things lead me to the third topic, which is the essence of intelligence assessment.

On the Essence of Intelligence Assessment

A few comments to introduce the subject of assessment:

Have we had failures in assessment? There have been many, there have also been great successes. There will also be successes and failures in the future. Not all the failures were necessary in retrospect, but also the collection of failures is a fact whose existence it is important that we recognize.

This and more: was it only the intelligence assessment which failed in 1973? The intelligence assessment in 1973 was a great failure. And if only the intelligence assessment were different, it is possible that the Yom Kippur war would not have started as it did. But not only this failed. He who knows the details, the reality, and the events knows that we failed

at least in too additional things: one - in exploiting the capability of the collection system, which always can, with a relatively small amount of information, radically change an erroneous assessment and reconnect it with concrete reality even in the face of pre-formed conceptions. We failed in underestimating the enemy and in overestimating our system. In other words, we erred in our perception of the reality of the balance of forces, and the understanding of what would happen, if despite everything we were sentenced to face a surprise out and out war, and how the battle would appear in those first hours. According to my evaluation these failures fed each other. The error in the intelligence assessment fed a false perception within the intelligence community, and the confidence projected by the community influenced the toughness and overconfidence of the intelligence assessment.

Third, a comment on the conception which since 1973 has become, as in an article by my predecessor, a "dirty word." The source of the problem is not in the existence of conceptions. The structure of human conscious and the process of human thought does not enable, in my opinion, dealing with complex problems and abstract thought without conceptions regarding reality. The problem is not if there is or is not a conception. There need to be conceptions. A problem arises when one conception forms and becomes a kind of example which does not bend or react to any feeding with facts. The flow of facts and information which contradict it are unable to destroy it, because it has set into the collective conscience and refuses to be uprooted from it.

We can not afford not setting up a number of competing conceptions in order to understand reality at any given moment, they must all be given a chance, and information and facts must be able to aid us in determining between conceptions, to identify the proper way to interpret reality at that given moment.

What problem does estimation drag us into? The consumers, by this I refer not to the leaders themselves, who usually have learned from experience the limitations of intelligence estimates, but the working ranks beneath the leaders who often expect some quick response implied from intelligence estimates, some bottom line estimation with a line drawn underneath it along with the manufacturer's signature (and a secret hope that reality understands that this is the estimate and indeed develops according to it).

Such a demand appears unachievable to me, and despite the shortness of this article I would like to deal with the matter here briefly. The predicate born of intelligence estimation is life itself, with all the force of its complexity and difficulties, and the reflection (of necessity not complete) of life, with all its complexity in the conscious of the individual and the group.

Life itself, the reality which flows with events and the processes of which it is comprised, to the best of my judgment is beyond our complete conception. I do not believe that it is possible to chain reality to any model, and also if in principle it were possible to do so I would claim

that we do not understand the model completely and do not understand the processes completely. This does not mean that we, as human beings, are left in complete darkness or face a Tolstoyan schema of unrelated events, the wider context of which we actually do not understand anything of. In my understanding there is great value to information collection. There is great value in attempting to identify chains of facts, characteristic patterns of development, but at the same time it must be understood that there is not and could not be any algorithm such as in many other disciplines aids the professional in the process which leads to a solution or to a collection of viable solutions.

There is, in intelligence estimation in particular, and in understanding life in general, a wide area which can not be measured, weighed, or quantified. This area enables creative intuition a wide scope for action. And after all, when the most talented and experienced people deal with it, there is also a wide range of not negligible alignment errors.

This discussion also should involve historiosophic, epistemologic, and methodological problems that are incredibly complex and deep; their investigation in depth is of great importance for improving intelligence estimation ability.

The weight of the unmeasurable element in understanding and interpreting reality in my opinion explains two additional things. One is the necessity of preserving within the working ranks of the intelligence's research system a group, even if small, of people of front line thinking capability. Second, it explains the justified feeling of some of the consumers, specifically the decision makers, that after they have read mountains of intelligence estimate documentation, that they "were not sent" necessarily the essence of what really is, in reality. It is reasonable, logical, and almost requisite, that they have (even after having been given some of the information and having contact with researchers) straight intuition of reality - which comes from experience; and there is no need, I would almost say it would be unforgivable, to reject that intuition outright, before the research system judges it.

I have no magic solution for this problem, except for constant interaction, openness, and sensitivity, while forming policy and while executing it, between the intelligence system and the decision making system, to make the best attempt at achieving a balanced, credible understanding of reality.

The Intelligence System Versus the Decision Making System

The involvement and relation of the intelligence system to the decision making system is very untechnical, yet at the same time, the suggested solutions frequently are technical organizational types of solutions. On these three technical issues, pluralism, advisors, and the national security council, I now wish to comment.

Pluralism is beneficial. It exists here, although with limitations that are not simple. First, even in countries where it has existed longer than 20 years, it has not brought about higher quality evaluations and

decisions, and America can serve as an example of this. Even after the conclusions of the investigation into Pearl Harbor, when we look at the overall record of the American estimation system and the recommendations it has made, and the recommendations which it was dragged into by the various administrations, I must admit that in my eyes that record is unimpressive. Some of the bodies on which estimation depends, in the name of pluralism, suffer potential bias of their judgment stemming from their professional leaning. The State Department, of necessity, is busy emphasizing the political side. The opponent does not have separation between the diplomatic aspect of policy and the military force building aspect. In my understanding, looking at the behavior of the opponent, the total of national potentials are in one system, a mutual combination both of content and of the use which the management makes of it. The danger always exists that a judgment based on data with professional bias towards any area will be lacking completeness. An opposite danger lurks in the intelligence branch, which is a body which primarily turns its attention to the military aspect despite the fact that it is defined as being responsible for total estimation of the intelligence situation--political and military--and has ties, without connection to what I said before, to the chief of staff, serving as his intelligence officer, to the minister of defense, responsible for providing his intelligence estimations, and to the government, as responsible for estimating the military political intelligence situation. A danger still lurks that the direct relation with the military system will cause a bias, even an unconscious one, toward seeing in the military technical side of reality greater importance than the other elements. There are additional bodies, which number among their tasks intelligence estimation, that have operational responsibility for certain areas. Operative responsibility for a certain area combined with responsibility for research is liable to cause a danger of bias, basically unconscious, and to cause uncalibrated viewpoints.

At any rate it is important that it be emphasized that the idea of pluralism, and the system by which it is executed must not blur clear responsibility for intelligence estimation. Only one body at any given moment can be responsible for estimating the intelligence situation, both military and political. Other bodies may comment, may contribute or suggest opposing estimates. And it is good and important that we listen to them. The responsibility, however, must not be divided.

The second subject is consultants. Every decision maker who feels that he needs or wants to be should be appointed a consultant. The one reservation I would place upon this is that an advisor must be what he is called--a giver of advice. [This means] extension of attention, time and ability to read materials--he does not have to and should not be a source for intercession or an additional processing level between the various intelligence bodies and the decision makers. He definitely can be a source of enlightenment or additional alternatives, or possibilities that were not considered, in order that the matter be returned to the working ranks and come back again as a re-considered estimation of a broader area or an analysis of additional alternatives.

The third subject is the National Security Council. This is a group of advisors comprised of people whose experience and knowledge enable them to aid the decision makers by scanning the range of alternatives, and identifying directions that should stick. If the government of Israel decides that it needs such a body, it should establish it. However, should a council for national security be the body responsible for estimation of the national intelligence situation? In my opinion, no. Moreover, if there were such a council and it asked itself in its first meeting if it wanted to take such responsibility, in the best of my understanding the members would refuse. A condition for accepting responsibility is the capability of carrying it out, and in this situation there is, for example, capability of dealing with all the intelligence material in original form, and not depending on others' estimation. In the absence of ability to build a kind of hierarchy of bodies each of which would read the material in its entirety, there remains only the possibility of basing the responsibility of the council on accumulated knowledge, on the experience of the people, and on 3 to 6 hours a week dedicated to reading materials. On this basis there can not be a national security council responsible for situation estimates.

Let's look at an example which most of the people suggesting establishing a national security council refer to--the National Security Council of the United States. This council is comprised of the president, that is, the man chosen by the public who has decision-making authority, along with the top ranks of the appointed executive level: the secretary of defense, the secretary of state, the heads of the armed forces, the head of the CIA, and so forth. What then is the parallel example in the State of Israel? The body chosen by the people which is also the policy creating authority is the government of Israel. Or with its permission, the Ministerial Defense Committee. The highest appointed executive rank are the chief of staff and the managing directors of the ministries, heads of the security forces, and so forth. This forum does meet in order to discuss every matter that comes up. The question which arises is not whether we have a council for national security--for yes, such a council does exist in my opinion. The correct question, therefore, is if we have a parallel to the staff of the United States' National Security Council, to that group of academics and talented young clerks who deal with information gathering and analysis of alternatives and present them as position papers to the decision makers. The response to this is that in the area of military-political estimation there is. The intelligence division is responsible for this. In other areas, perhaps there is not.

Another frequently heard conclusion touches on the capability of the collection system to put together a complete picture while being limited to the political and military aspects, for reality does not end with the military political aspect.

Regarding cardinal decisions or strategic decisions, judgment is required which among other things includes such aspects as economic, social, and political aspects. Other than the actual necessary action of gathering data between areas, interdepartmentally, I doubt the benefit of a body

which would try to support our decision making body by doing staff work in the social and economic areas. The source of this doubt is that anyone trying to judge any problem from among those on our agenda, and to broaden his exploration of it beyond the military political aspect, will quickly find himself in a mire of problems whose assessment is not principally based on data and reality but rather is first and foremost a value judgment stemming from his world view.

In conclusion, I find that a national security council as a body assisting with data gathering and broadening intelligence estimation, both military and political to the level of integrative estimation (in the United States called NET ASSESSMENT), is something that the government will simply do, should it so decide. The intelligence bodies, including those responsible for situation estimation will cooperate completely with such a group. Along with this, I dare to allow a doubt if the results of the activities of such a group, beyond contributing technically to information gathering, will greatly enrich our political importance.

Conclusion

Our advance warning and estimation situation today is relatively good and clearly better than 10 years ago. This improvement is not based on a group which today heads the system, but principally is due to the great experience accumulated over the years and the lessons learned from errors which cost us dearly.

At the same time it is advisable to emphasize that we are acting in an environment of high uncertainty and lacking easy solutions. The problems of operation in such an environment are beyond the scope of our discussion here, and come from the area of intelligence in general, and it is a central problem in our experience. How it is possible to bridge the gap between the complexity and of reality and of decision making and between our striving for the simple--at times to simplification--is anchored in the structure of the conscious of us all both as individuals and as a collective, including at times the decision making collective.

To the best of my understanding we must try to adopt for ourselves ability to contemplate, in a sophisticated and balanced manner, complex reality filled with contradictions, hostile, and often lacking an immediate or simple solution, and this without spilling into simplification of the problem by ignoring parts of it, or by closing eyes or forming illusions on the nature of reality connected with this problem. Certainly we must not succumb to anger over reality in and of itself or at those who come to describe it to us. We must do all this without losing our internal sense of direction regarding our goal, our sense of reality regarding what it is possible and what is impossible to achieve, and the constant inclusion of freedom of thought with unified action--which in my eyes are a necessary condition for finding our way and knowing how to continue and to develop within this reality.

The formation of the ability to combine a sophisticated view of reality with decisive action to form it, where necessary and possible--this is the essence of our test.

KUWAIT

ECONOMIC PROTOCOL SIGNED WITH USSR

London MEED in English 1-7 Mar 86 p 15

[Text] Agreement to cooperate in oil schemes is one of the main features of an economic protocol signed in Moscow recently by Oil & Industry Minister Shaikh Ali al-Khalifah al-Sabah. The minister, who visited from 5-11 February, was accompanied by representatives of Kuwait Petroleum Corporation and Petrochemical Industries Company.

The two sides agreed to co-operate in:

--hydrocarbons schemes in Kuwait and the Soviet Union. Kuwait offered to participate in building oil and gas installations, particularly offshore, and in oil refining, petrochemicals and chemicals industries by making available loans, technical equipment and scientific information

--similar schemes in Third World countries

--carrying out transactions relating to trade in oil, oil products and petrochemicals. This would allow the Soviet Union to supply Kuwaiti customers in Europe and North Africa, and Kuwait to meet Soviet obligations in Asia and East Africa.

The Kuwaiti team also suggested setting up a permanent joint committee for economic, technical and scientific co-operation, and further co-operation in banking.

On the cultural side, there are plans to increase relations between Moscow and Kuwait universities, as well as between Soviet institutions and Kuwait Institute for Scientific Research (KISR).

Earlier in 1986, military links and the supply of weapons were discussed during the visit of a Soviet team led by deputy defence minister General Vladimir Govorov (MEED 11:1:86).

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CSO: 4400/126

KUWAIT

BRIEFS

KIIC MAKES OPERATING PROFIT--Kuwait International Investment Company (KIIC) says it made an operating profit of about \$14.8 million in 1985. But success was tempered by a significant depreciation in the loan portfolio, direct investments and local shares. The impact of such depreciations on final results is not possible to gauge until the balance sheet is published. In 1984, KIIC made a loss of KD 10.7 million (\$37.8 million), after extraordinary provisions of KD 14.2 million (\$50.2 million). The company shied away from any new local or regional lending in 1985--nearly two-thirds of its assets is borrowed money. KIIC intends to halve its overall loan portfolio in the next two years, says chairman and managing director Salah Fahad al-Marzook. KIIC managed \$3,300 million worth of new issues in 1985, compared with \$2,700 million in 1984. It made its debut in the capital markets with a \$50 million transferable revolving underwriting facility (TRUF) lead managed for Manama-based Kuwait-Asia Bank. KIIC's bond portfolio fell to \$103.4 million in 1985, from \$139.4 million the year before. A rally in the international bond market enabled the company to make a profit from sales of marketable securities. Return on direct investment showed an overall 33 percent improvement from 1984. International Transport Equipment Company--which is majority-owned by KIIC--more than doubled its sales to KD 7.7 million (\$27.1 million). Steady improvements are also claimed for KIIC's real estate portfolio after 1984 sales of undeveloped land, and a shift in emphasis to income-generating property. [Text] [London MEED in English 1-7 Mar 86 p 15] /9274

CSO: 4400/126

PALESTINIAN AFFAIRS

PLO'S DUTY-FREE SHOPS AID TANZANIA'S ECONOMY

Jerusalem THE JERUSALEM POST in English 13 Jan 86 p 3

[Article by James Peipert]

[Text] Zanzibar (AP)--The Palestine Liberation Organization is helping Tanzania earn foreign currency by selling Western consumer goods at duty-free prices.

PLO officials describe the foreign currency shops on Zanzibar, a semi-autonomous island of Tanzania, and on the Tanzanian mainland as a form of aid "to our brothers and comrades."

They are part of a network of PLO business interests in more than 20 countries that form the nucleus of a PLO economy in exile. Besides stores, the PLO has interests in light industry, agriculture, construction, movies and publishing, according to officials at PLO headquarters in Tunis.

The Zanzibar foreign currency shop is across Creek Road from the main produce market. There is no PLO marking out front, but shop clerks are open about the organization's connection.

The shop is the only place in town where diplomats, Western aid workers, U.S. Peace Corps volunteers and others with access to foreign currency can buy at reasonable prices the luxury goods they were accustomed to in the West.

The well-stocked shop purveys such wares as vacuum-packed potato chips and cigarettes from America, Scotch whisky, French cheese, and appliances ranging from West German hair driers to Japanese video cassette recorders.

The shop was officially opened by Zanzibar Chief Minister Seif Shariff Hamad last 23 August as a 50-50 partnership with the Tanzanian government, said Tanzanian and PLO officials.

Last 26 October, a similar PLO shop opened in downtown Dar es Salaam, Tanzania's capital on the mainland.

Tanzania under recently retired President Julius Nyerere was an outspoken advocate of Third World causes. PLO officials said the foreign currency shops

here were set up by an agreement between Nyerere and PLO chairman Yasser Arafat when the Palestinian leader visited Tanzania in 1984.

The PLO ambassador to Tanzania, Abdel Aziz Aboud Gosh, declined to discuss the shop's profitability.

"The meaning is not the profit and how much we are selling," Gosh said in an interview. "The meaning is the cooperation."

The PLO has long used small business and agricultural ventures to encourage support from the Third World nations that comprise a huge voting bloc in the UN and other international forums.

The PLO's financial interests were organized 15 years ago under an umbrella body called "Samed," or resistance. Among Samed's aims are the provision both of employment for children whose parents had died for the Palestinian cause and of financial assistance for development projects in Arab, Asian and African countries.

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CSO: 4400/126

SAUDI ARABIA

DEFENSE INDUSTRIES OFFICIAL INTERVIEWED

London AL-SHARQ AL-AWSAT in Arabic 30 Jan 86 p 3

[Article: "Major General Yusuf al-Sallum: The Saudi General Organization for Defense Industries Is on the Threshold of a New Burst of Development"]

[Text] A ceremony was held yesterday at the Saudi General Organization for Defense Industries in al-Kharj (80 kilometers east of Riyadh) to honor 27 outstanding engineers, employees, and technical workers in appreciation of their efforts and initiatives.

Major General Yusuf Ibrahim al-Sallum, the director general for defense industries, presented them with certificates of appreciation and honorary monetary awards, according to the directives of Prince Sultan ibn 'Abd-al-'Aziz, the second deputy prime minister, minister of defense and aviation, and inspector general, out of concern for the workers and appreciation for their efforts, inasmuch as it has an effect on labor productivity.

On another topic, Maj Gen Yusuf al-Sallum made a statement to AL-SHARQ AL-AWSAT following his appointment to a new post in the Ministry of Defense and Aviation in Riyadh after having been charged with the responsibilities and duties of director general for defense industries for a period of almost 4 years. He said: "I would like to express my great appreciation and gratitude for the great trust placed in me by Prince Sultan ibn 'Abd-al-'Aziz in choosing me for a new post in the ministry. I am proud of the new commission to continue to serve the Ministry of Defense and Aviation and the armed forces, after having fulfilled the duty required of me and having completed the task assigned to me of administering the defense industries, this vital, important installation which has pleased Prince Sultan ibn 'Abd-al-'Aziz."

Maj Gen al-Sallum continued: "In addition to taking care of employee affairs in the General Organization for Defense Industries, I supervised and completed, with my colleagues in the organization, implementation and completion of the projects that were under way when I assumed this post. I also participated, with my colleagues, in beginning new projects, the most important of which include a housing project, which is now 65 percent complete, and a project for a center for industrial studies, more than 75 percent of which is being implemented, and completing drawing up implementing regulations for the General Organization for Defense Industries, which have

put the defense industries on the threshold of a new burst of development and entry into new industries, after the completion of drawing up a plan for industrialization, which will be presented to the board of directors of the organization soon, God willing, when it is formed and a director general for the organization is appointed. This, thanks be to God, is according to the directives and the consent of Prince Sultan ibn 'Abd-al-'Aziz. I am certain that whoever is selected to assume the responsibility of director general of the organization will be up to the responsibility to continue the forward progress of this important industrial organization. I am a soldier in the service of my religion, my king, and my nation. It makes me happy to return to work in the Ministry of Defense and Aviation and to continue to serve in the armed forces. As long as I remain in this distinguished organization, I pray God to continue to grant success and honor to the rightly guided leaders of our great government and, at its head, His Majesty King Fahd; the crown prince, deputy prime minister, and chief of the national guard, 'Abdallah ibn 'Abd-al-'Aziz; and Prince Sultan ibn 'Abd-al-'Aziz, the second deputy prime minister, minister of defense and aviation, and inspector general, may God preserve them all from all adversity and give them success in that which they desire and wish.

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CSO: 4404/217

27 March 1986

SAUDI ARABIA

NATIONAL MANUFACTURING COMPANY'S ACTIVITIES REVIEWED

London AL-MAJALLAH in Arabic 29 Jan-4 Feb 86 p 36

[Article: "Saudi National Manufacturing Co. To Begin Building Four Factories This Year"]

[Text] At the end of 1984 the magazine AL-MAL WA AL-MASARIF AL-'ARABIYAH, which is published in London, nominated the 10 most outstanding Arabs in the field of banking and economics in general. Dr Mahsun Jallal, the chairman of the board of the Saudi National Manufacturing Co. and chairman of the board of the United Saudi Commercial Bank, was one of the 10. Doctor Jallal is acknowledged to be the first Saudi economist to win a doctoral degree in his field. He also has rich experience in the area of public work in a number of international and regional organizations, such as the IMF and the OPEC Development Fund.

For more than 3 years, Doctor Jallal has concentrated his efforts on the National Manufacturing Co., which seeks to benefit from infrastructure projects undertaken to establish an industrial base in order to develop second generation petrochemical industries to share in increasing the sources of national income and in the transfer to and incorporation of technology by the nation. The company, which has the goal of depending on the basic industries established in the kingdom, aims to employ about 10,000 people during the coming decade, thus becoming one of the largest sources of employment in the kingdom other than the government.

The company has raised 600 million Saudi riyals of capital with 6 million shares valued at 100 riyals per share. The founding businessmen and legal entities subscribed to 150 million riyals, or 25 percent of the capital, and the remainder was presented for public subscription, with the shares covered last year, after payment of 50 percent of the nominal value of the shares.

The National Manufacturing Co. is principally a holding company that concentrates on four areas of activity in Saudi Arabia and all of the Gulf; it develops projects, invests in industrial projects, builds industrial service projects, and buys shares in them.

Four Projects

In the area of developing projects, the company hopes initially to implement four this year. They are projects that will be undertaken by technically qualified foreign companies. The company's participation will vary between 30 and 40 percent, and the rest of the capitalization will be allocated for Saudi and foreign businessmen. The projects which will enter actual implementation are the following:

1. The National Wire and Wire Products Co. project. The cost of the project is 164.5 million riyals, and it is to have annual production of 50,000 tons of drawn and barbed wire of various types. The company's share in this project, which will be built in the area of al-Jubayl on the east coast, is 30 percent, the same as the share of the West German company Forrestal.
2. The National Mineral Extraction Co. project, the cost of which is 30 million riyals. The company's share is 35 percent of the capital. The company will have an annual capacity of 110,000 tons of iron and other minerals. The Modern Arab Contractors and Commerce Co. is participating in it. The project is being carried out in the city of al-Dammam in al-Sharqiyah province.
3. The company is engaged in a project for welded steel pipe in Riyadh, which has an annual capacity of 375 tons of pipe of various sizes. Its cost will reach 350 million riyals. The existence of a foreign partner for it later on has not yet been determined.
4. The last project on which work has begun is a date project in al-Qasim by the al-Qasim Agricultural Co., in which there is no foreign participation. The total investment in the project amounts to 34 million riyals. The volume of production is 3,000 tons of canned dates. The company's share is 33.3 percent.

In addition to these projects, there are a number of others for which study has made considerable good progress, including a project for bottling carbonated water, concerning which a decision will be made before the end of the year, a project for drying vegetables, and another to package fresh and frozen vegetables. There is also a project to produce baby food, a project for insecticides, a project for a minerals foundry, a project for an industrial complex for manufacturing diesel generators and heavy agricultural equipment, and another complex to manufacture electrical generators and light household pumps. It is expected that some of these projects will be completed sometime next year.

Investment

In the second area of activity by the company, that related to investment, the company's share in the capital of a project varies from 5 to 30 percent. To date, the company has decided to enter into the following projects, all of which are under implementation: the Arab Axle Manufacturing Co., 15 percent; the Arab Precision Instruments and Automatic Controls Co., located in Bahrain, 10 percent; the National Plastics Co. (Ibn Hayyan), which is one of the SABIC

projects, 10 percent; the Saudi Company for Medicine and Medical Supplies, 9.5 percent; the Packaging Materials Co., Ltd., 35 percent; a project for reconditioning and maintaining airplane engines, 10 percent. This last project is the first in a program of economic equilibrium supervised by the Ministry of Defense, in which Saudia Airlines, the Gulf Organization for Investment, and the two foreign companies, General Electric and Pratt and Whitney, are also participating.

The third area of activity by the company is represented by developing projects for industrial services, in which the company undertakes to develop a number of projects designed to serve national industry in cooperation with foreign companies specialized in this field. The company's participation varies from 30 to 50 percent of each project. To date, the company has undertaken to participate in developing the following projects: the National Technical Investigation and Testing Co., in which the company has a 55 percent share; the National Industrial Employment and Service Co., 40 percent; and the Erskine Saudia Co., in which [National] Manufacturing's share is 30 percent.

The shares of the foreign companies in these projects will be allotted in accordance with a balance aiming to encourage the foreign party possessing the necessary technology into partnership on the condition that its participation be limited, assuring its interest, on the one hand, and preventing its complete domination, on the other. Given this, the share of the Manufacturing Company is usually not less than 30 percent, leaving the rest to be shared among the foreign partners and Saudi businessmen.

As for the last area, that of purchasing shares in national joint-stock companies which are related to the work of the Manufacturing Company, the company has undertaken to purchase the following shares: 30,000 shares of the al-Sharqiyah Agricultural Development Co., 4,798 shares of the Saudi Marine Transportation Company, and finally 1,000 shares of the Saudi Industrial Services Co.

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